Chicago Transit Authority

ANNUAL REPORT FOR 1958

Chicago
Transit
Board

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Chicago's new West Side Subway is the first project ever conceived, planned and built to combine rail rapid transit and a multi-lane automobile expressway in the same grade-separated right-of-way.

CHICAGO TRANSIT AUTHORITY

FOURTEENTH ANNUAL REPORT

CHICAGO TRANSIT BOARD

For the Fiscal Year ended December 31, 1958

MEMBERS OF THE BOARD

and Date Term Expires

Virgil E. Gunlock, *Chairman*	M	September 1, 1959
William W. McKenna, *Secretary*	M	September 1, 1960
Werner W. Schroeder, *Vice Chairman*	G	September 1, 1961
Edward F. Moore	G	September 1, 1962
Mrs. Bernice T. Van der Vries	G	September 1, 1963
James R. Quinn	M	September 1, 1964
Joseph D. Murphy	M	September 1, 1965

M—Appointed by the Mayor of the City of Chicago
G—Appointed by the Governor of the State of Illinois

Walter J. McCarter, *General Manager*
William J. Lynch, *General Attorney*

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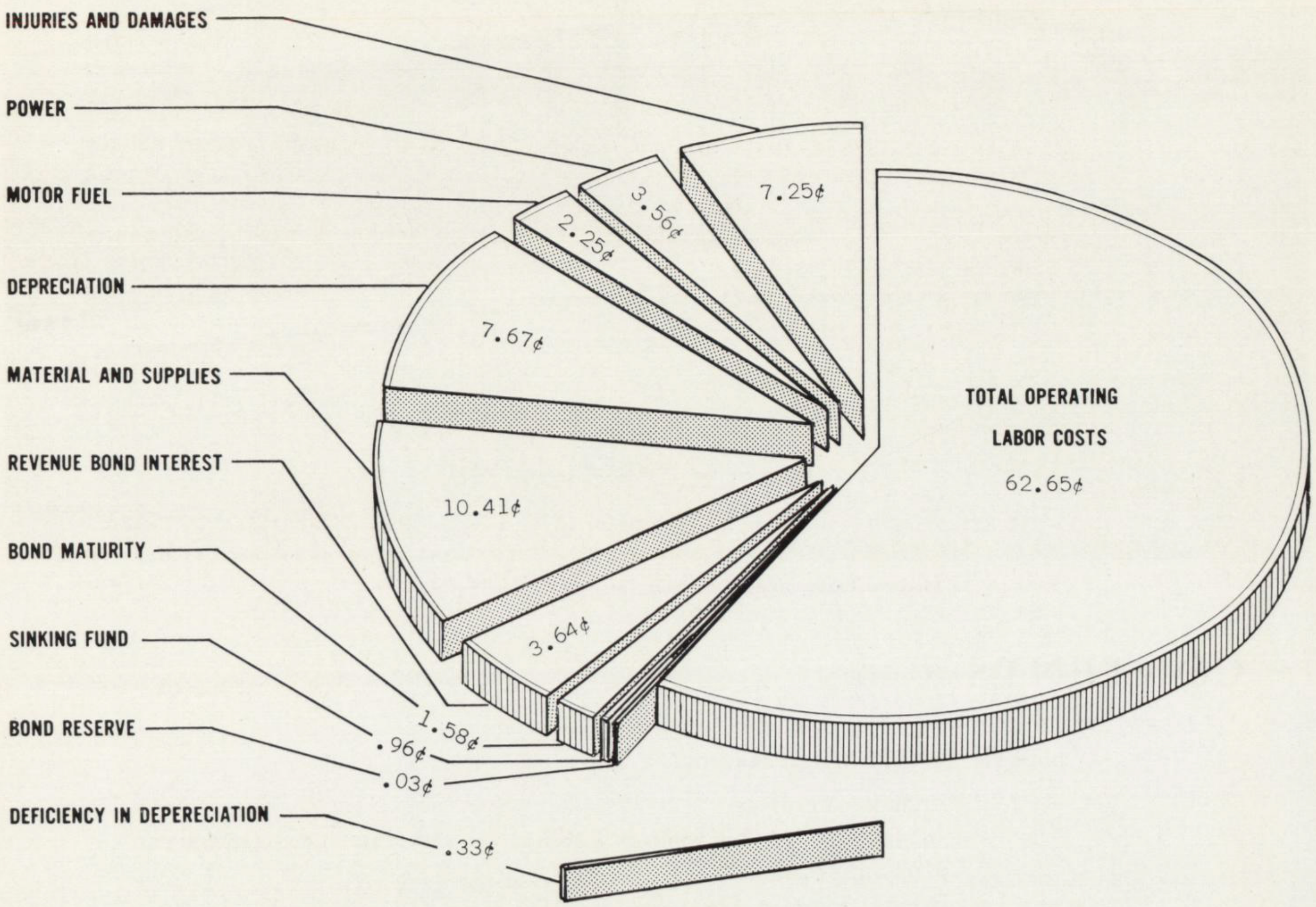
DISTRIBUTION OF CTA'S 1958 REVENUE DOLLAR



NOTE:

Total Operating Labor Costs exclude $2,363,579 (1.87c of CTA's Dollar) Charged to Operating Materials and Supplies, Injuries and Damage Reserve and Miscellaneous Services and Supplies.

Economic Conditions

Chicago Transit Authority operations started the year 1958 under unfavorable economic conditions which steadily worsened throughout the year.

Non-agricultural wage and salaried employes working in Chicago and the adjacent areas (Cook and DuPage counties) in January 1958 were 87,500 less than in January 1957. By July 1958, when employment hit its lowest level, there were 151,400 less persons working than in July 1957 and by December 1958 there were still 109,000 less persons working than in December 1957. Average employment throughout the year 1958 was 127,600 less than during the year 1957. It is estimated that the Authority's 1958 loss in passenger revenue attributable to this unemployment was approximately $3,000,000.

Living costs in Chicago and the nation pushed to new all-time records in July 1958, in spite of the recession. The consumer price index for Chicago reached a peak of 127.6 in July 1958, continuing the uninterrupted rise which had prevailed since April 1957 — the base date established for computation of cost-of-living allowances under the terms of the Authority's current labor agreements — and resulted in 1958 wage increments averaging 8.83c per hour throughout the year 1958, as contrasted to 4.33c for the year 1957.

This sharp acceleration in the inflationary spiral burdened 1958 labor costs by an additional $1,500,000.

Operating Results

Revenues for the year 1958 amounted to $126,118,729 and although running $1,645,794 ahead of 1957, were short $419,941, because of increased costs, of meeting all fixed requirements for 1958. A similar deficiency in revenues of $180,690 was carried over from 1957, so that the total deficiency amounted to $600,631 at December 31, 1958.

A brief summary of the results of operations for the year 1958 is compared below with those for 1957:

	1958	1957
Revenues	$126,118,729	$124,472,935
Operation and Maintenance Expenses	108,604,206	106,761,401
	17,514,523	17,711,534
Debt Service Requirements	7,844,966	8,024,366
Transfer from Operating Expense Reserve to meet deficit in January 1957 Debt Service Requirements	—	(313,589)
	7,844,966	7,710,777
Balance Available for Depreciation	9,669,557	10,000,757
Depreciation Provision—Current Period	10,089,498	9,957,835
Balance Available for Other Charges or (Deficit in Depreciation Provision)	(419,941)	42,922
Carryover of prior years' deficiency	(180,690)	(223,612)
Deficit in depreciation provision	$ (600,631)	$ (180,690)

( ) Denotes Red Figures

The 1958 budget had anticipated that including the carryover of the estimated 1957 deficit, there would be a $325,000 deficiency in meeting the full depreciation requirements.

Actual gross revenues for the year 1958 were $3,528,000 less than had been anticipated in the budget, of which $3,000,000 are estimated to have been caused by widespread unemployment during this recession year.

Accelerated inflation increased labor costs $1,500,000 more than had been estimated.

In spite of these serious adverse changes, the Authority was able, by rigid economies and a slight reduction in mileage, to carry through the year with a minimum deficit of $600,631.

The increase in total revenues of $1,645,794 for 1958 over 1957 arose primarily from additional passenger revenues; changes in other sources of revenues showed a decrease of $71,204 compared with 1957, as shown in the summary below:

	1958	1957	Percent of Increase (Decrease)
Passenger Revenues—			
Surface System	$ 98,166,317	$ 97,600,875	.58%
Rapid Transit System	25,713,390	24,561,834	4.69
	123,879,707	122,162,709	1.41
Chartered Service	295,572	247,766	19.29
	124,175,279	122,410,475	1.44
Other—			
Station and Car Privileges . .	679,470	815,527	(16.68)
Rent of Tracks and Facilities . .	314,715	299,894	4.94
Rent of Buildings and Other Property	374,929	340,653	10.06
Miscellaneous	574,336	606,386	(5.29)
	1,943,450	2,062,460	(5.77)
Total Revenues	$126,118,729	$124,472,935	1.32%

Passenger revenues increased 1.41% over 1957 as a continuing result of the establishment of the present rates of adult fares on July 4, 1957 and of children's and students' fares on September 1, 1957.

A comparison is shown below of these revenues for the two six-month periods of 1958 with those for the same periods of 1957:

			Increase or (Decrease)	
	1958	1957	Amount	%
Six Months to June 30—				
Surface System	$ 49,211,251	$ 46,421,912	$2,789,339	6.01%
Rapid Transit System . .	12,634,960	11,523,673	1,111,287	9.64
Total	61,846,211	57,945,585	3,900,626	6.73
Six Months to December 31—				
Surface System	48,955,066	51,178,963	(2,223,897)	(4.35)
Rapid Transit System . .	13,078,430	13,038,161	40,269	.31
Total	62,033,496	64,217,124	(2,183,628)	(3.40)
Total Year . .	$123,879,707	$122,162,709	$1,716,998	1.41%

The increase of the first six months of 1958 over that of 1957 shows the results of the fare increase, the primary change in rates having occurred at the end of the first six months of last year. The comparison of the last six month periods for 1958 and 1957, when rates of fare were substantially the same, shows the loss of riding arising primarily from a continuation of greater than normal unemployment.

Riding data for the six month periods of 1958 and 1957 show the same results as revenues. The riding loss was greater in the first six months of 1958 as compared with 1957 than in the latter part of the year because of the loss arising from the changes in rates of fare at mid-year of 1957.

	Number of Riders		Increase or (Decrease)	
	1958	1957	Amount	%
Six Months to June 30—				
Surface System	214,912,163	247,998,684	(33,086,521)	(13.34)
Rapid Transit System . . .	52,918,775	57,705,946	(4,787,171)	(8.30)
Total	267,830,938	305,704,630	(37,873,692)	(12.39)
Six Months to December 31—				
Surface System	211,314,466	221,786,573	(10,472,107)	(4.72)
Rapid Transit System . . .	54,148,639	54,574,664	(426,025)	(.78)
Total	265,463,105	276,361,237	(10,898,132)	(3.94)
Total Year . . .	533,294,043	582,065,867	(48,771,824)	(8.38)

Passenger riding was showing some slight improvement towards the end of 1958 and the early months of 1959 so that losses in 1959 compared with 1958 are not expected to be as great as those shown above during the last six-month period.

Charter revenues showed almost a 20% increase in 1958 over 1957, resulting from the greater use of passenger equipment not required for scheduled service. The decrease in station and car privileges resulted from a reduction in advertising revenues. The decrease in miscellaneous revenues was due to a reduction in interest earned.

Costs continued to rise in practically all categories, although not as much as had been expected, since operating economies partially offset the effect of increases in wage costs and other expenses.

The principal elements making up Operation and Maintenance Expenses for 1958 and 1957 were as follows:

	1958	1957	Increase or (Decrease)
Wages and Salaries	$ 71,639,904	$ 70,253,837	$1,386,067
Pension Contributions	5,291,017	5,134,213	156,804
Federal Insurance Contributions . .	1,351,465	1,328,991	22,474
Employes' Insurance	725,202	698,599	26,603
Total Labor Costs	79,007,588	77,415,640	1,591,948
Electric Power Purchased	4,487,284	4,748,105	(260,821)
Motor Fuel Consumed	2,833,318	3,038,637	(205,319)
Operating Materials and Supplies .	5,968,674	5,849,540	119,134
Provision for Injuries and Damages .	9,143,608	8,901,923	241,685
Miscellaneous Services, Supplies, etc.	7,163,734	6,807,556	356,178
Total Operation and Maintenance Expenses . .	$108,604,206	$106,761,401	$1,842,805

Wages and salaries increased as a result of the application of increased hourly rates of wages as provided in contracts negotiated in 1957 and from changes in the cost-of-living allowance also provided in such agreements. These changes, applied to the basic one-man hourly rate, were as follows:

	Basic Hourly Rate	Cost-of-Living Allowance	Total
December 31, 1957	$2.310	$0.050	$2.360
1958—			
March 1	—	+.030	.030
June 1	+.055	+.015	.070
September 1	—	+.015	.015
December 1	+.055	—.005	.050
	$2.420	$0.105	$2.525

The wage changes of 11c per hour in basic hourly wages and 5½c in cost-of-living allowance shown above, together with the total yearly cost of wage changes during 1957 were expected to increase costs approximately $5,965,000 for the year 1958. The total increase was partially offset however, by operating economies and tailoring of man power and vehicle requirements to the lower level of riding, which reduced man-hours used during the year so that the net increase in wages and salaries was only $1,386,067.

Present wage agreements, which expire November 30, 1959, provide for no further increases in basic hourly wages although changes in the cost-of-living allowance, up or down, are to be reflected quarterly during 1959.

Contributions by the Authority to the retirement plan for its employes, equal to 7% of wages paid, increased $156,804 as a result of the greater earnings by employes. Negotiations conducted during the latter part of 1958, with respect to the retirement agreement expiring December 31, 1958, resulted in a new three-year agreement to expire December 31, 1961, with increases in rates of contributions to 7½% beginning January 1, 1959 and 8% beginning January 1, 1960. Employe contribution rates are to be increased from 3½% to 3¾% on January 1, 1959 and to 4% on January 1, 1960.

Federal insurance contributions, matching those made by employes, increased $22,474 due to increased employe earnings. Effective January 1, 1959 rates are to increase from 2¼% to 2½% and the base to which such rate applies will increase from $4,200 to $4,800.

Employes' insurance costs increased $26,603; this resulted from changes in both life insurance ($1,500 to $2,000 coverage) and health and accident payments ($30 to $40 weekly) made effective July 1, 1957.

Electric power purchased costs were reduced $260,821 as a result of the final abandonment in 1958 of all street-car operations and a reduction in Rapid Transit system mileage to meet decreased riding. These reductions were partially offset by increases in unit costs of electric power purchased, which resulted from a new ten-year contract negotiated with the Commonwealth Edison Company effective August 1, 1958.

Motor fuel cost reductions of $205,319 resulted from lesser miles operated because of the reduction in passenger riding, a reduction in unit costs of fuel purchased, and the substitution of propane-powered buses delivered during 1958 for gasoline-powered buses retired from service, resulting in lower costs per mile operated.

Operating material and supply costs increased $119,134 as a result of increases in unit costs; the full effect of these increases was partially offset by reduction in quantities used.

The provision for injuries and damages increased $241,685. In order to meet the constantly increasing costs of settling claims and suits for personal injuries and property damages Chicago Transit Board, effective January 1, 1958, increased its rate of provision from 6¾% to 7¼% of gross revenues. Also, the 1958 provision was higher than that for 1957 since gross revenues on which the provision is based were higher in 1958. These increases were partially offset, however, by special provisions totalling $500,000 made in 1957, which were not repeated in 1958.

Claim and suit disbursements and the overheads applicable thereto amounted to $9,351,204 in 1958 as compared with $8,863,835 for 1957.

	1958	1957	Increase or (Decrease)
Claim Settlements—			
Number	18,059	18,427	(368)
Cost	$3,246,655	$3,592,315	$ (345,660)
Overheads	948,672	954,182	(5,510)
Total Cost of Claims	$4,195,327	$4,546,497	$ (351,170)
Suit Settlements—			
Number	2,308	2,287	21
Cost	$4,326,994	$3,709,465	$ 617,529
Overheads	828,883	607,873	221,010
Total Cost of Suits	$5,155,877	$4,317,338	$ 838,539
Total Cost	$9,351,204	$8,863,835	$ 487,369

The average cost per claim settled, exclusive of overheads, amounted to $180 in 1958 as compared with $195 in 1957, while average suit costs, exclusive of overheads, rose to $1,875 in 1958 from $1,622 in 1957. Suit and claim costs for 1958 and 1957 do not include $465,643 and $381,150 respectively, for settlements in connection with the Wilson Avenue Rapid Transit accident of 1956, which were recovered under an excess insurance policy covering Rapid Transit operations. Incidents involving the Authority's operations giving rise to claims and suits numbered 26,950 in 1958, a decrease of 2,225 (7.63%) from 1957.

Miscellaneous services and supplies costs increased $356,178 in 1958 over 1957. One of the principal items giving rise to this increase was the rental payment of $30,907 per month beginning July 1958 made to the City of Chicago for the use of fixed transportation facilities in the Congress Street Expressway.

Debt service requirements totalled $7,844,966 for the year 1958, down $179,400 from 1957. Deposits to the Series of 1947 serial bond maturity fund ($2,000,000) decreased $500,000, but deposits to the Series of 1947 sinking fund increased $631,280 to $1,205,880, so that there was $131,280 more available for the retirement of Series of 1947 Revenue Bonds in 1958 than in 1957. Deposits to the Series of 1953 Revenue Bond Reserve (the only one of these reserves which had not previously reached the amount required by the Trust Agreement) were completed during 1958; these deposits were $178,602 less in 1958 than in 1957. Interest payments on outstanding revenue bonds were reduced $132,078 to $4,595,688 as a result of the retirement of these bonds through operations of the serial bond maturity fund and the sinking funds. Deposits to the Series of 1952 and 1953 sinking funds represented interest earnings from the investment of funds deposited in the respective revenue bond reserves.

Retirement of revenue bonds described above are summarized below:

	Revenue Bonds Retired During 1958			
	Through Operation of			
Revenue Bond Series	Serial Bond Maturity Fund	Sinking Fund	Total	Total Retired to 12-31-58
1947	$2,000,000	$1,443,000	$3,443,000	$17,701,000
1952	—	44,000	44,000	577,000
1953	—	6,000	6,000	93,000
	$2,000,000	$1,493,000	$3,493,000	$18,371,000

Serial maturity retirements of $2,000,000 Series of 1947 bonds were made at par. Sinking fund retirements of Series of 1947 bonds cost $1,205,480.20, of Series of 1952 cost $40,435.50 and of Series of 1953 cost $5,352.50, for a total cost of $1,251,268.

The annual interest reduction on all bonds retired during 1958 totals $123,862 but all of this reduction was not realized since the bond retirements occurred throughout the year.

The provision for depreciation for the year 1958, equal to 8% of gross revenues, was up $131,663 from 1957 because of the increase in revenues arising from the changes in rates of fares during 1957. Revenues fell $419,941 short of meeting the annual requirement for depreciation. There was also a deficiency of $180,690 carried over from 1957 so that the total deficiency at December 31, 1958 amounted to $600,631.

Continuing operating economies reduced the impact of increases in wages and other costs, and the increased revenues resulting from the mid 1957 adjustments in rates of fare made possible the above result. Budget forecasts for 1959 are not so favorable, however, it appears that revenues will fail to meet all requirements and that there will be a deficiency of $4,503,000, including that carried over from 1958, in the provision for depreciation. Results achieved in the early months of 1959 indicate that this deficit may be reduced somewhat.

Anticipated deficiencies in revenues were reflected in the 1959 capital budget; $18,342,000 of capital projects were approved by Chicago Transit Board for 1959. Of the total amount of funds estimated to be available, $4,210,000 represents proceeds from Equipment Trust Certificates issued or to be issued.

Payments to City of Chicago, Chicago Park District and State of Illinois

		1958	1957
City of Chicago	Revenue tax charge collected from Authority by Commonwealth Edison Company and paid to City of Chicago—		
	Franchise, 4%	$ 149,936	$ 160,031
	Municipal Utility, 5.6% less Franchise tax—Charged to "Electric Power Purchased"	34,436	36,665
	For a portion of cost of repairing streets on which tracks have been abandoned—Charged to "Depreciation Reserve"	300,000 (1)	300,000 (1)
	State Street Subway facilities	137,362	137,362
	Dearborn Street Subway facilities	153,974	153,974
	Congress Street Expressway facilities Charged to "Miscellaneous Services and Supplies, etc."	185,443 (4)	—
	License fees covering automobiles, trucks, trailers, flammable liquids, etc.—Charged to "Miscellaneous Services and Supplies, etc."	7,996	16,527
	Total—City of Chicago	969,147	804,559

The above charges do not include $738,603 in 1958 and $891,362 in 1957 spent by the Authority for the removal of snow and ice from transit routes.

		1958	1957
Chicago Park District	Payment for wear and tear of boulevards arising from operation of the Authority's buses—Charged to "Miscellaneous Services and Supplies, etc."	—	100,000 (2)
State of Illinois	Revenue Act tax charge collected from Authority by Commonwealth Edison Company and paid to State of Illinois—3%—Charged to "Electric Power Purchased"	—	85,479 (3)
	License fees covering buses, trucks, trailers, automobiles and chauffeurs—Charged to "Miscellaneous Services and Supplies, etc."	7,007	6,968
		7,007	92,447
	GRAND TOTAL	$ 976,154	$ 997,006
City of Chicago	Accumulated liability for repaving streets on which tracks have been abandoned but which have not yet been repaved (1)	$1,512,566	$1,702,616

(1) Limited to $300,000 regardless of additional work which may be done in any one year.

(2) The Authority was relieved of these payments by action of the Legislature of the State of Illinois, approved by the Governor and made effective on July 5, 1957.

(3) The Authority was exempted from this tax by action of the Legislature of the State of Illinois, approved by the Governor and made effective on July 10, 1957.

(4) Initial payment commenced July 1, 1958 at the rate of $30,907.18 per month.

Financial Position

Financial statements setting forth the financial position of the Authority at December 31, 1958 and also showing various phases of its operations for the year ended that date are presented at the end of this report, together with the certificate of Arthur Andersen & Co., independent public accountants.

Transportation property additions and retirements during 1958 and operation of all of the funds of the Authority for the year 1958 are set forth in summaries at the end of this report. Funds on deposit with the Equipment Trustee for the purchase of equipment were provided by the issuance of Equipment Trust Certificates, described below and from the Authority's depreciation and modernization funds.

Accounts receivable increased approximately $365,000 at the end of 1958 compared with 1957 because of unpaid billings to highway agencies for work done by the Authority's forces towards the completion of the Congress Street Expressway.

Prepayments and other current assets amounted to $1,397,392 at December 31, 1958, up $591,849 from a year ago. The principal item is an amount applicable to properties abandoned to make way for construction of Congress Street Expressway, to be applied as a partial offset against the City's charges for fixed transportation facilities in the Congress Street Subway.

Discount on revenue bonds which arose in connection with the issuance of the Series of 1952 revenue bonds was reduced $276,231 during 1958 primarily by the savings resulting from the retirement of the Authority's revenue bonds at costs less than the par amount of the bonds retired.

The reduction in revenue bonds was explained in a previous section of this report.

Other liability accounts of the Authority showed no unusual changes.

New Financing

Chicago Transit Board on May 1, 1958 authorized Series 9 Equipment Trust Certificates in the amount of $4,440,000. On June 1, 1958, $2,500,000 of these certificates were issued and on December 1, 1958 the remaining $1,940,000 were issued.

The proceeds of these certificates, together with $4,500,000 from the Authority's depreciation fund and $1,400,000 from its modernization fund, produced from the sale of 100 PCC streetcars for conversion to L-Subway cars, were deposited with the Equipment Trustee to cover the cost of 150 propane-fueled motor buses and 100 L-Subway cars ordered by Chicago Transit Board during the early part of 1958.

Of the L-Subway cars ordered, 50 will be the standard double-unit type which have been ordered during the past several years, while 50 will be single-unit cars, described in a following section of this report. Four of this latter series of cars will be equipped with experimental sets of motor trucks designed especially for high-speed, high-performance operation.

At December 31, 1958 the Authority had received 119 of the order for 150 motor buses; no L-Subway cars had been received.

Riding Trends

The sharp decline in revenue passengers between the years 1958 and 1957 is attributable to three factors: (1) fare increases in 1957 which affected 1958 comparative data; (2) the business recession; and, (3) constant attrition caused by automobile competition, traffic congestion, and population shifts to the suburbs.

How these factors influenced riding is shown by the following table:

Loss in Revenue Passengers
1958 Compared with 1957

Period	Surface System	Rapid Transit System	Combined Operations
First Quarter	13.09%	8.11%	12.14%
Second Quarter	13.59	8.48	12.64
Third Quarter	6.13	1.94	5.32
Fourth Quarter	3.35	(0.30) Gain	2.61
Year	9.27	4.64	8.38

During the first two quarters of the respective years the above comparison is between 1958 passengers, at the higher fares, and 1957 passengers at the lower fares in effect prior to the July 4, 1957 and September 1, 1957 fare increases.

The third quarter was a transitory period during which the 1957 fare increases occurred and Authority patrons were adjusting themselves to a new pattern of riding. Also, during this 1958 quarter, unemployment reached its peak in July and considerably more people were out of work during this three-month period than in any other quarter since the first drop in employment occurred in May 1957.

In the fourth quarter the comparison is between passengers paying the same fares in each year. The improvement in this quarter came as a result of a pickup in employment.

The competitive strength of the traffic-free Rapid Transit system is forcefully illustrated by the foregoing statistical data, the passenger loss being only 4.64% for the year as contrasted to a 9.27% loss on the Surface system.

A study to evaluate the extent of passenger losses attributable to the prime factors referred to above was made, using the second quarter of each of the past five years as a representative base. This indicated that the 12.6% passenger loss in the second quarter of 1958 was due to:

Influence of fare increases	9.0%
Unemployment and business recession	2.2
Constant annual attrition caused by automobile competition, traffic congestion, and population shifts to the suburbs	1.4
Total passenger loss—2nd quarter of 1958	12.6%

Guaranteed Income Service

Effective September 8, 1958, a contract charter service was inaugurated to serve employes of a corporation located in Skokie, Illinois. This service extended five westbound morning rush hour trips on the Peterson Avenue route to operate north from the regular terminal into the plant, a distance of approximately one mile. During the afternoon period five trips were arranged to start their eastbound trips at the plant and operate east over the regular Peterson route. Later surveys showed that three A.M. and P.M. trips were sufficient, so schedules were reduced accordingly on October 13, 1958.

The contract provides that the Authority will be reimbursed at the rate of 25c each for any less than 30 passenger fares collected per trip into or out of the plant. An additional $30.00 per month service charge is also provided.

This experiment produced the usual pattern where extensions of service are requested; i.e., actual patronage is found to be considerably less than that estimated by the extension proponents.

Monthly guarantee payments, including the service charge, began at $620 for the first month, dropped to $340 when the number of trips was reduced and dropped still further to $220, showing that patronage had increased some but not enough to cover the cost of the service rendered.

This guaranteed income service, which has been mutually satisfactory, could set a pattern for those communities outside the corporate limits of Chicago which have lost or are threatened with the loss of their mass transit facilities, or to others that wish to have the Authority's service extended to or within their boundaries.

A somewhat similar guaranteed income service plan has been in effect for over forty years in the Boston metropolitan area, whereby fourteen communities contribute a proportionate share of the cost of maintaining the mass transit facilities that serve them.

Streetcar Lines Discontinued

A century of one phase of transportation history came to a close on June 20, 1958, when Chicago's last remaining streetcar line, the south half of the former Clark-Wentworth line, was converted to motor bus operation.

Chicago's street railway system began in 1859 with the operation of the first horse car in the City in State street between Randolph and 12th street, a distance of approximately one and one-half miles. The first horse-drawn omnibus had started irregular service between hotels and railway terminals as early as 1853.

In the 1930's, when Chicago's streetcar fleet was at its peak, it totalled 3,742 active units.

Once renowned as the largest streetcar system in the world under one management, Chicago's surface transportation system is now operated exclusively with motor and trolley buses.

Vehicle Miles

The Authority continued to maintain attractive, convenient and frequent service throughout the City of Chicago and through, within, or bordering upon twenty-nine adjacent suburban cities, towns and villages in spite of the business recession and declining patronage.

Revenue miles on the Rapid Transit system (42,991,829) were reduced only 3.36% (1,495,279) under 1957. Approximately 30% of this mileage reduction occurred because of the abandonment of the Kenwood and Stockyards branches of the elevated system in the last quarter of 1957. Substantially all of the balance of this mileage reduction was made in weekend service to adjust to the fall-off in riding.

Revenue miles on the Surface system (113,616,557) were reduced only 3.59% (4,226,647) under 1957, although revenue passengers decreased 9.27%. Surface system service was curtailed in line with declining patronage and particularly to adjust to the disproportionate fall-off in weekend riding, which is illustrated by the following statistical data:

Surface System 1958 Decrease Under 1957

	Revenue Miles	Revenue Passengers
Weekdays	3.13%	8.79%
Saturdays	5.05	11.46
Sundays and Holidays	5.82	11.70
Year	3.59%	9.27%

Speed of Operation

Average scheduled speed of Surface system vehicles during 1958 was 11.64 M.P.H. as compared with 11.65 M.P.H. in 1957, a slight decrease despite the addition of 119 new motor buses of the most modern design and the retirement of approximately the same number of over-age vehicles.

The 1958 Cordon Count of vehicles and passengers entering and leaving the central business district of Chicago during a 12-hour period on a representative weekday shows that there were 16,092 (4.74%) more automobiles carrying 24,137 (4.74%) more passengers than in 1957, while 83 (0.6%) less Authority Surface vehicles carried 31,332 (10.33%) less passengers than in 1957.

Assuming the majority of these autos made round trips and were counted both "in" and "out", at least 8,000 more autos traveled routes converging on the central business district, aggravated the ever-increasing competition for street space, and contributed to the steadily diminishing speed of the Authority's Surface operations.

Paradoxically, 1958 automobile registrations in Chicago decreased 18,354 or 2.1% under the 1957 total.

The Rapid Transit system, however, increased its speed of operation by 5.7%, from 20.80 M.P.H. in 1957 to 21.98 M.P.H. in 1958. Some of this increased speed is attributable to the addition of new, all-metal cars and the retirement of over-age cars, but the greatest contributing factor was the opening of the Congress Expressway median strip operation which permitted through routing of the Douglas Park and Garfield Park branches and substituted median strip for street-level operation for a distance of slightly more than 2⅓ miles.

Public Safety Steadily Improving

The year 1958 was the fourth consecutive year Authority employes set a new public safety record. The Authority was involved in fewer public accidents than in any previous year of its operation.

The table below compares 1958 public accident experience with 1957 and also with the first ten years of operation. All Traffic and Passenger accidents involving the Authority are included regardless of liability or seriousness:

Public Accident Experience

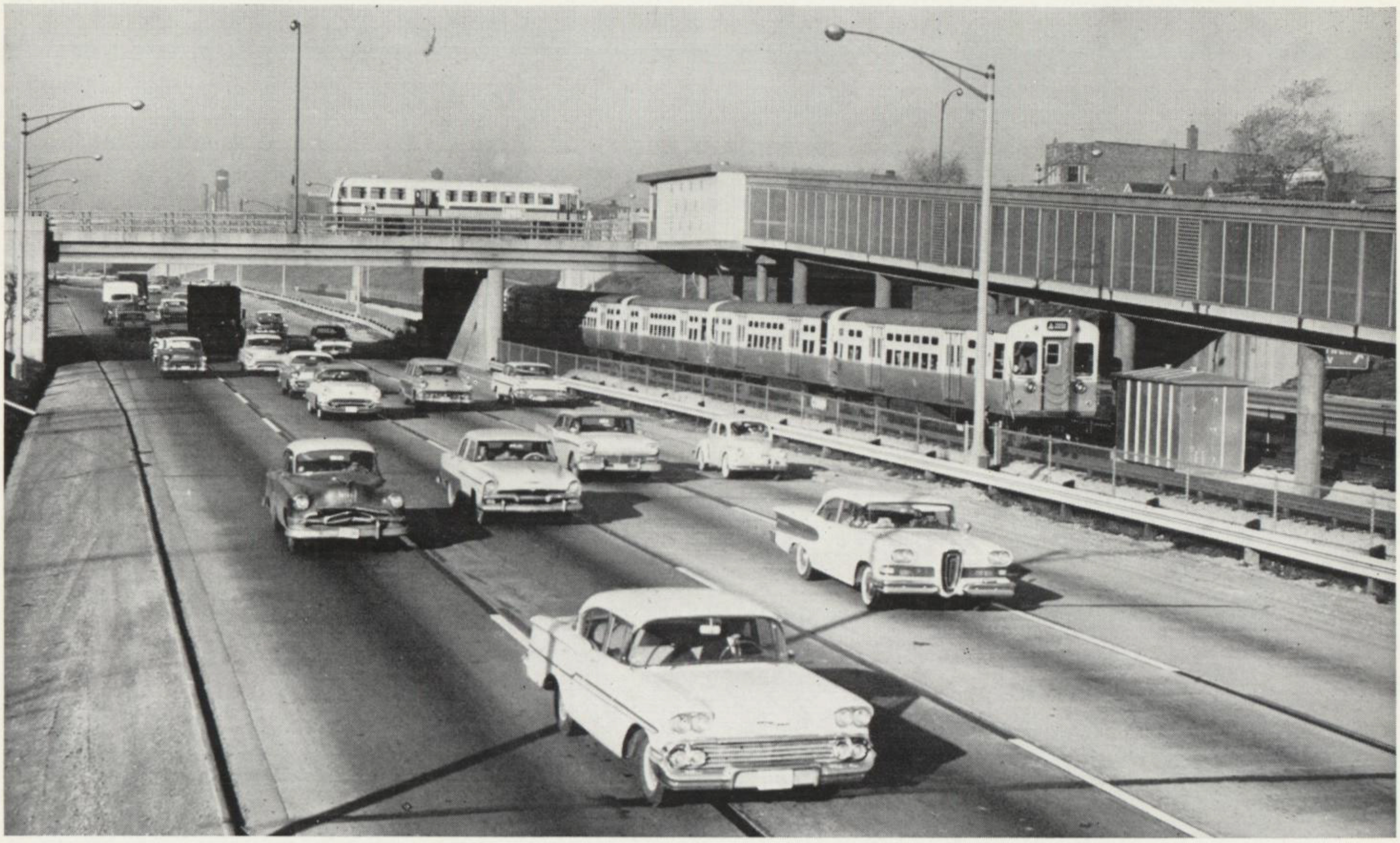
				1958 Decrease	
	Year 1958	Year 1957	10-Year Average 1947-1956	Under 1957	Under 10-Year Average
Traffic Accidents	12,025	13,390	17,439	10.2%	31.0%
Passenger Accidents	7,527	7,861	10,605	4.2	29.0
Total Accidents	19,552	21,251	28,044	8.0%	30.3%
Revenue Vehicle Miles on Routes, in thousands	156,373	162,121	167,095	3.5%	6.4%
Frequency Rate—Accidents per 100,000 miles—					
Traffic Accidents	7.7	8.3	10.4	7.2%	26.0%
Passenger Accidents	4.8	4.8	6.4	—	25.0
Total Accidents	12.5	13.1	16.8	4.6%	25.6%

This outstanding achievement was made possible only by the excellent performance of many Authority employes — trainmen and bus operators, maintenance workers, supervisors, training department personnel, and others. We also acknowledge the valuable aid of members of the Police Department and other public agencies that are constantly working to bring about greater safety and more effective traffic controls on the streets and boulevards of Chicago.

Chicago's New West Side Subway

A new era of local transit history began on June 22, 1958 with the opening of the new West Side Subway in the median strip of the Congress Street Expressway, America's first rail rapid transit facility integrated with a multi-lane automobile highway.

It is an extension of the Milwaukee-Dearborn subway, which terminated in Congress Street under the west bank of the South Branch of the Chicago River. From this point the new subway extends underground for a distance of four blocks beneath the U.S. Post Office Building, to S. Halsted Street, where it emerges into the median strip of the Congress Street Expressway. It continues to a new terminal at Des Plaines Avenue in Forest Park.



A CTA "Green Hornet" rapid transit train eastbound in the median strip of the Congress Expressway while vehicular traffic moves along at its side in the four-lane highway. A CTA bus is seen on the highway overpass.

In general, the profile of the subway extension parallels that of the Expressway and it is in an open cut from 10 to 15 feet below the adjacent ground surfaces.

An incline connection from the Douglas Park Elevated structure at Paulina Street to the Subway extension near Loomis Street permits operation of Douglas Park Elevated trains through the Milwaukee-Dearborn subway instead of around the Loop on the elevated structure as had been done heretofore.

With the opening of the new subway, three long-established separate routes, the Logan Square L-Subway, the Congress (formerly Garfield Park) and Douglas Park elevated routes, were consolidated into a single new West-Northwest route which, for the first time in Chicago history, now provides through rapid transit service between the west and northwest sections of the city by way of the central business district.

The Logan Square-Des Plaines Avenue, Forest Park, leg of the route, the Congress-Milwaukee section, is 15.2 miles long; the Logan Square-Douglas leg, the Douglas-Milwaukee section, is 13.9 miles long. Douglas-Milwaukee elevated trains enter and leave the new subway over the ramp at Loomis Street. Congress-Milwaukee trains will operate throughout the length of the new subway. At the present time a considerable section at the west end of the Congress-Milwaukee route is being operated over ground-level temporary tracks pending final completion of the Congress Street Expressway.

Permanent automatic block signals and brake trip equipment have been installed in the new subway from the Loop to about 700 feet west of the Cicero-Lavergne station. Automatic block signals were installed between Loomis junction in the subway and Polk Street station on the Douglas-Milwaukee branch, and electronically controlled interlocking signals were located at Loomis junction where Douglas trains enter and leave the subway. The entire installation is designed to "fail safe" in the event of an operating emergency. Existing temporary signalling facilities will continue in use west of Lavergne station until such time as the Expressway is completed and permanent tracks are laid and permanent signalling installed in the median strip.

Along the new Congress Street subway route there are fourteen stations spaced approximately seven-tenths of a mile apart. All are designed for attractiveness and utility. Eight of them contain auxiliary entrance-exit facilities at adjacent highway over-pass bridges for convenient transfer to and from local bus lines.

Terminal facilities at Des Plaines Avenue, Forest Park, are designed to achieve the maximum in passenger convenience and operating efficiency, including Park-"N"-Ride facilities for 456 automobiles for patrons who drive to and from the terminal.

Parking space for 80 automobiles had also been provided near the Cicero-Lavergne Station.

Nine to ten minutes per trip is saved in travel time between Des Plaines Avenue, Forest Park, and La Salle Street station in the Loop. This is a reduction of 28 to 30 per cent. Additional time savings will be obtained when the balance of the Congress-Milwaukee branch is moved to its permanent location in the median strip. Corresponding time savings are enjoyed by patrons boarding trains at intermediate stations.

This pioneering project furnishes an excellent proving ground to demonstrate the relative carrying capacity of an eight-lane expressway versus a double rapid transit track. A November 1958 traffic count in both morning and evening rush hours showed that the Authority carried more people on one track than did the four saturated lanes of automobile traffic moving in the same direction—

	Passengers	Automobile Passengers
A.M. Rush hour	9,345	7,506
P.M. Rush hour	10,190	6,237

When this count was taken, the Authority was not operating at full capacity but the expressway was. At normal 6-car train capacity (120 passengers per car) on a two minute headway, the Authority could carry 21,600 passengers per hour; if loaded to full standing room capacity (150 passengers per car) the Authority could carry 27,000 passengers per hour. This would be more than 2¾ to 3½ times the carrying capacity of four (4) expressway lanes moving in the same direction.

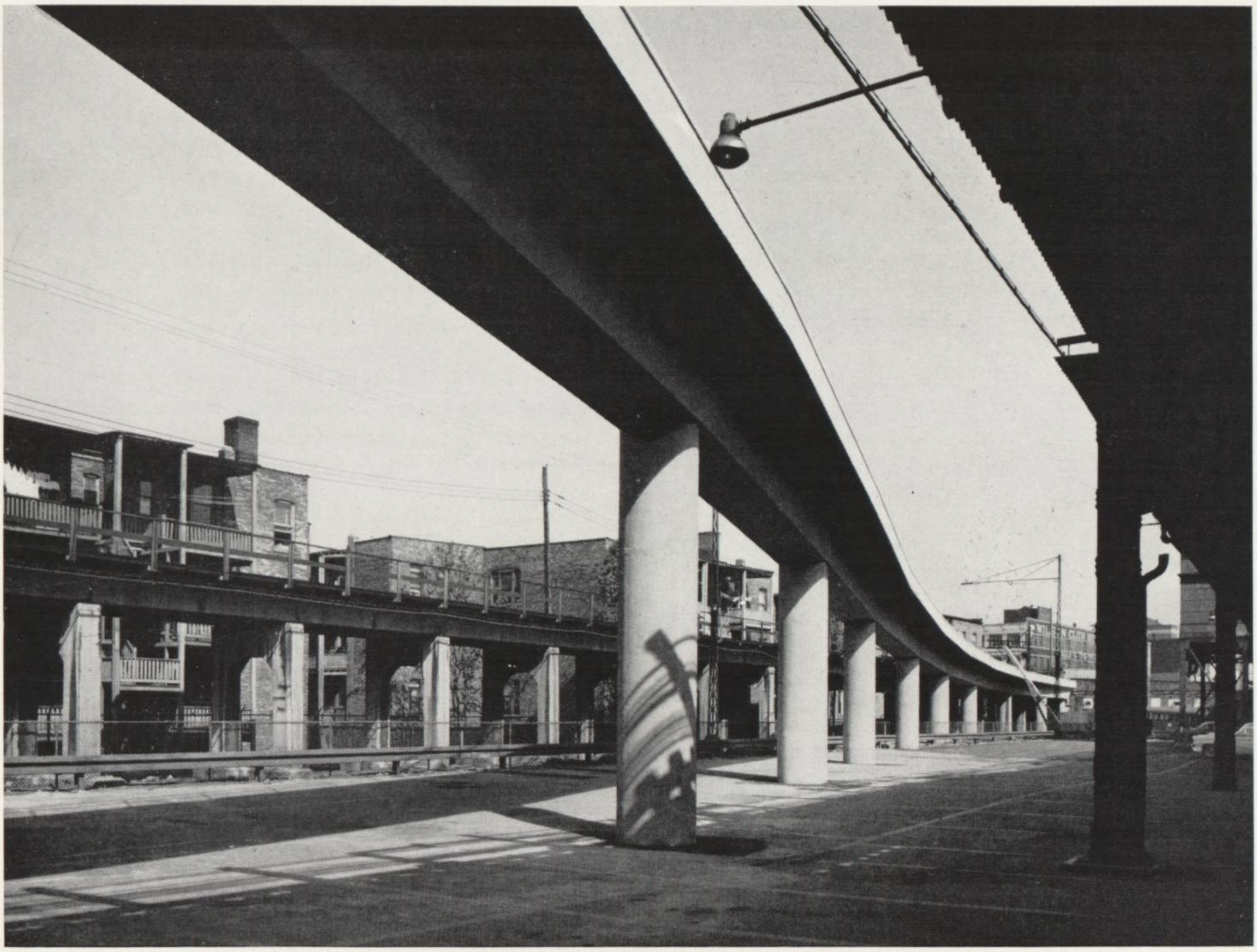
By lengthening platforms and enlarging terminal facilities at Logan Square, the Authority could run 10-car trains at two minute intervals and carry 36,000 passengers per hour (normal capacity), or 45,000 (full standing room capacity). This would be 5 to 6 times the capacity of the expressway.

Wilson Avenue Project

On August 7, 1958, Chicago Transit Board awarded a contract for the first phase of a $1,800,000 program to reconstruct the right-of-way for North-South rapid transit trains through the Wilson Avenue station area from two tracks to four tracks.

At the present time, North-South L-Subway, Evanston Express, and North Shore trains operate on a four-track right-of-way north of Chicago Avenue, except for a distance of about 1,500 feet between a point 400 feet south of Wilson Avenue and a point 300 feet north of Leland Avenue. For this stretch, two tracks only carry all trains through Wilson Station and over Broadway before forking out into four tracks again for the balance of the route. The merging of train operations into a single track in each direction at this point causes serious time delays and creates an operating hazard.

When completed, this project will provide a four-track right-of-way through the Wilson Station area for a continuous, smooth flow of traffic and will permit the Evanston Express and North Shore trains to travel on the outside tracks and the North-South L-Subway trains to operate on the inside tracks.



View looking northwest from a point just south of Wilson Avenue showing modern construction of an additional track through the Wilson-Leland Avenue Section of the North-South Branch of the Rapid Transit System.

Lake Street Rapid Transit Elevation and Extension

On February 10, 1959, the last of a series of agreements were signed that cleared the way for start of construction on a $4,000,000 co-operative project of elevating the ground level section of the Lake Street rapid transit route between Laramie Avenue, Chicago, and just west of Harlem Avenue, Forest Park, a distance of 2½ miles. In this 2½ mile stretch there are 22 grade crossings, where an estimated 200,000 motorists and pedestrians are subjected to traffic delays and hazards each weekday caused by more than 500 rapid transit trains that operate through these grade crossings each weekday.

This project provides for the relocation of the Authority's rapid transit tracks to an adjacent elevated embankment owned by the Chicago and North Western Railroad.

Five new modern design, street-level waiting rooms will be built, generally at the points where stations are now located, with entrances to the platforms at the following locations: between Central and Parkside Avenues, and between Austin Boulevard and Mason Avenue in Chicago; between Cuyler and Ridgeland Avenues, and between Oak Park and Euclid Avenues in Oak Park; and between Marion Street, Oak Park and Harlem Avenue, Forest Park.

Cost of the project is to be shared as follows: The Authority, $600,000; City of Chicago, $600,000; Village of Oak Park, $800,000; Cook County, $1,000,000; and the State of Illinois, $1,000,000.

Construction is scheduled to start in the spring of 1959. Initial construction work is to be done by the Chicago and North Western Railroad by installing a new track and signals adjacent to the two north tracks, thereby converting their system from a four-track to a three-track operation in the project area.

When the railroad has completed its work, the Authority will take over, realign and equip for rapid transit operation the two tracks on the south part of the railroad's right-of-way, construct stations, install electrical, signal and communication facilities, and other fixed transportation equipment. A fence will be erected to separate the two railroads.

New Revenue Vehicles

During 1958 the Authority received and placed into service the last two modern, all-metal rapid transit cars of 70 on order for delivery in 1957-1958.

Purchase of 100 fast-starting, quick-stopping rapid transit cars, to be converted from a similar number of PCC streetcars at a net cost of $5,150,000, was authorized March 13, 1958.

By using some parts of its "Green Hornet" PCC streetcars, the Authority is saving $2,000,000 as compared with the cost of rapid transit cars built from all new components.

Fifty of the cars on order are to be standard two-car units, semi-permanently coupled, and fifty are to be double-end, single car units designed for operation either as single cars or in trains composed in part of two-car units.

The single-unit cars, designed to seat 46 passengers, are to be operated in "Owl" service principally.

A total of 119 new motor buses were delivered and placed in service during 1958 out of a total of 150 latest type propane-fueled, 50-passenger, Flxible-twin buses ordered February 6, 1958 for delivery in 1958 and 1959. These buses are equipped with the latest type of air springing for more comfortable riding and power steering for easier maneuvering and increased safety.

Purchase of another group of 100 odorless propane buses from the Twin Coach Company of Kent, Ohio, and the Flxible Company of Loudonville, Ohio, joint manufacturers, at a total cost of $2,177,810, was authorized December 17, 1958.

These new buses, each having a seating capacity of 44 passengers, are also to be equipped with the latest type of air springs and power steering. Delivery is expected to be completed by October 1959.

Revenue vehicles owned and/or operated at December 31, 1958, consisted of the following:

	Owned†	Active	% of Owned
Surface System—			
2-Man Streetcars	26	— *	— %
Trolley Buses	579	577*	99.65
Motor Buses—			
Gasoline	684	626*	91.52
Diesel	700	687*	98.14
Propane	1,418†	1,418	100.00
Total Buses	3,381	3,308	97.84
Rapid Transit System—			
Motor Cars	1,078	1,062*	98.52
Trailers	60	60	100.00
Total R/T Cars	1,138	1,122	98.59
Total Revenue Vehicles	4,545	4,430	97.47%

† Includes 100 propane buses leased from Mack Trucks, Inc.

* Difference authorized to be scrapped, 115 or 2.53%.

Modernization and Replacement Program

The Authority's modernization program, the most extensive in the history of local transit in Chicago, provided for the purchase of 4,256 new, modern motor buses and cars.

By December 31, 1958, the Authority had taken delivery of 4,155 new revenue vehicles and 231 others were on order for delivery in 1959, a total of 4,386 new revenue vehicles. This completed the planned modernization program and provided 130 additional new vehicles to replace over-age units authorized to be scrapped.

Total expenditure for the above-mentioned 4,386 new revenue vehicles and auxiliary equipment will amount to approximately $111,194,000, of which $68,954,000 is for Surface System cars and buses and $42,240,000 for 774 L-Subway cars. The cash cost will be about $103,214,000 after considering $7,980,000 salvage value realized on PCC streetcar components used in construction of new L-Subway cars.

Total expenditures under the modernization and replacement program aggregate approximately $144,056,000; $111,194,000 for the vehicles referred to above and $32,862,000 for construction of three new operating garages, carhouse conversions and bus garage improvements, bus loops and terminals, Rapid Transit system signals, interlockers and automatic crossing gates, and modernization of central repair shops, shop tools and machinery, and various other facilities.

High-Speed Cars

A $250,000 co-operative research and development program to step up the progress of the high-speed era in urban transportation heralded by Chicago's new West Side Subway, was organized in July 1958.

Objectives of the research program are the development and testing of light-weight rapid transit trucks, gear drives, axles and auxiliary braking specially designed for high-performance operation of light-weight, all-metal rapid transit cars in the rights-of-way of multi-lane, grade-separated expressways.

High-crest speed of upward of 75 miles per hour, a longer period of acceleration at the fast rate of 3½ miles per hour per second, and enhanced passenger comfort and safety are the results expected.

The Authority's associates in this venture include eleven nationally known organizations whose products have served automotive and transit industries for decades. All of the participants are making substantial financial contributions to the program.

Four of the 100 rapid transit cars now being built for the Authority are to be equipped with the products of this research and development program, and are expected to be ready for test operation in the West Side Subway service in the summer or fall of 1959.

Consolidation of Shops

Plans are now well under way to consolidate the Authority's West Shops repair and maintenance facilities now located at 3901 West End Avenue with those of the South Shops at 77th Street and Vincennes Avenue.

By merging operations of the two shops at the 77th and Vincennes location, the Authority will achieve improved efficiency and will realize substantial savings. The anticipated savings will be made possible by cutting duplicate inventories and material handling costs, reducing supervisory personnel, decreasing heating, lighting and building maintenance expenses, cutting down on labor forces and eliminating duplicate machinery and tool requirements.

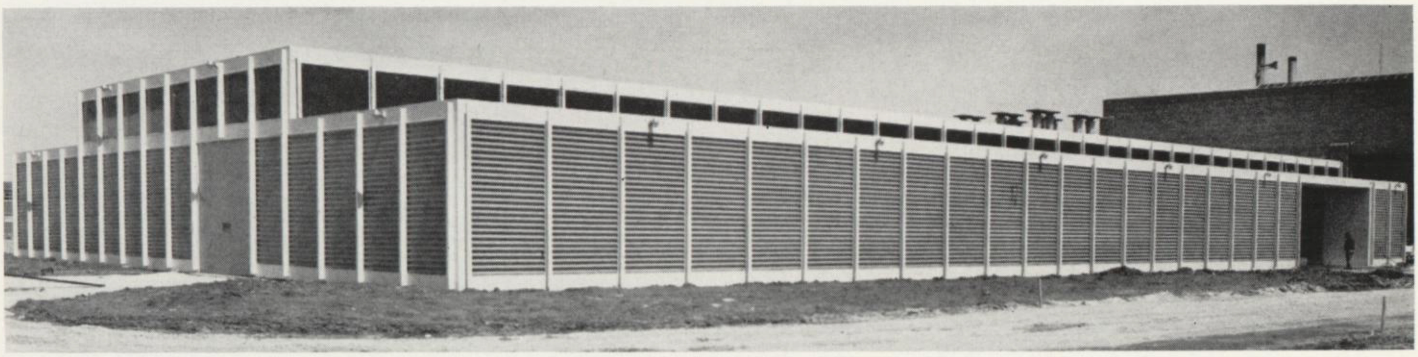
Certain West Shops departments have already been moved to the new location, and the complete integration is being carried forward as rapidly as construction progress permits.

New Warehouse for Skokie Shops

Construction of a modern $267,000 warehouse building was practically completed by the close of 1958. This new building is located just west of, and connected to, the Skokie Shops where all rapid transit cars are overhauled and repaired and certain phases of maintenance work on trolley coaches and motor buses are performed.

The new warehouse will replace 31 wooden elevated cars now used for storage of over one million dollars worth of repair parts.

Included in the new unit will be a large storeroom for economical and efficient storing of hundreds of categories of spare parts, two ground-level loading docks inside the building to accommodate trucks of all sizes, an office, restrooms, and a men's locker room.



Outside and Inside View of New Skokie Warehouse.

Outlook For 1959

Financial

On December 4, 1958, Chicago Transit Board adopted a $129,993,000 budget for the year 1959, which showed that after payment of all operating expenses, debt service on revenue bonds, and carry-over of an estimated deficit of $492,000, there would be a $4,503,000 deficiency in meeting the full depreciation requirements. However, severe winter weather in December 1958 increased snow and ice removal costs to the extent that the 1958 deficit carry-over was $108,600 greater than had been anticipated. Therefore, if revenues and expenses estimated for 1959 stay in line, the year's deficiency in meeting full depreciation requirements will increase to $4,611,600.

Revenues for 1959 were estimated on the assumption that passenger traffic would be slightly less (½ of 1%) than the 1958 level. Any improvement in the employment situation in the Chicago area will reflect itself in passenger revenues greater than were anticipated in the budget.

The 1959 budgeted expenses were based on contractual wage rates becoming effective December 1, 1958, including a cost-of-living allowance of 11c per hour, which was in effect at the time the budget was prepared. No further changes in basic hourly wage rates are provided by the current wage contract which expires November 30, 1959. Even though hourly wage rates are expected to hold fairly level during 1959 and total payroll hours will show a substantial reduction, total labor costs (including pension contributions, social security and employes' group insurance) for 1959 will be approximately $2,463,000 greater than they were in the year 1958.

Capital Projects

The capital budget for 1959, as in the past, has to be limited to such funds as will be available for that purpose.

Cash available for capital outlay in 1959 is estimated at $18,342,000. Of this amount, $12,619,000 is committed for purchase of new revenue vehicles, and the balance is committed for other capital projects urgently needed, some of which are already under way. The major items are as follows:

Interest and principal on Equipment Trust Certificates and property purchase obligation (paid out of depreciation funds)	$ 3,252,000
Purchase of new revenue vehicles	9,516,000
Structural changes at Wilson Avenue station	800,000
Elevation and extension of the Lake Street branch of the Rapid Transit system	350,000
Tracks, track structures, garages, shops, electrical construction, street paving and shop tools and machinery	3,965,000
Miscellaneous items and contingencies	459,000
Total	$18,342,000

Financial Assistance

Economic forces beyond its control, primarily wage costs, have forced the Authority to adopt an insurmountable deficit budget for the year 1959. Wage increases start the vicious circle of higher fares, fewer passengers and curtailed services. The history of the urban transit industry has been that fare increases give only temporary relief from the inexorable pressure of the inflationary trend of the times and each succeeding year brings higher wages, both real and on a platform hour basis. Seldom has a fare increase on any transit system kept that system solvent for a period of over two to three years, then the vicious circle begins over again.

As fares climb higher, more transit riders resort to the use of automobiles, thereby adding to traffic congestion and further slowing down and disrupting the mass transit system already made less attractive by service curtailment.

Despite relief afforded urban transit through reduction or elimination of various taxes, vehicle license and franchise fees and, in some instances, snow and ice removal obligations, many cities are faced with the alternatives of direct subsidy to privately owned companies, public ownership with limited subsidy, or loss of local transit. These crises are not peculiar to small cities only. Transit companies in the largest cities in the United States have felt the impact of the combination of inflation, automobile competition, traffic congestion, and other economic and social factors that have diminished patronage in the face of rising costs.

It had been the experience of the transit industry that a certain portion of falling passenger revenue could be offset through substitution of one-man operated buses in the place of two-man operated streetcars, and other operating economies, thereby keeping productivity somewhat in balance with rising wage costs. But with each succeeding year this saving potential has dropped until in recent years most properties have reached the point where very little can be salvaged without resorting to such drastic measures as eliminating non-productive lines, all "owl" service, and reducing Saturday, Sunday, mid-day and evening service to a bare and ineffectual minimum.

Chicago transit riders have been fortunate that the Authority, with a limited amount of public assistance, has completely modernized its revenue vehicles and maintained a high standard and frequency of service seven days a week and twenty-four hours a day. Other cities have not fared so well. A cross-section study of transit systems (three of which are publicly owned), in eight large cities, ranging in population from 572,000 to 2,150,000, reveals that between the years 1953 and 1957, their average passenger loss was 22.8% and revenue mileage was cut 16.5%. During the same period, the Authority had a passenger loss of 15.2% but reduced revenue miles only 1.9%.

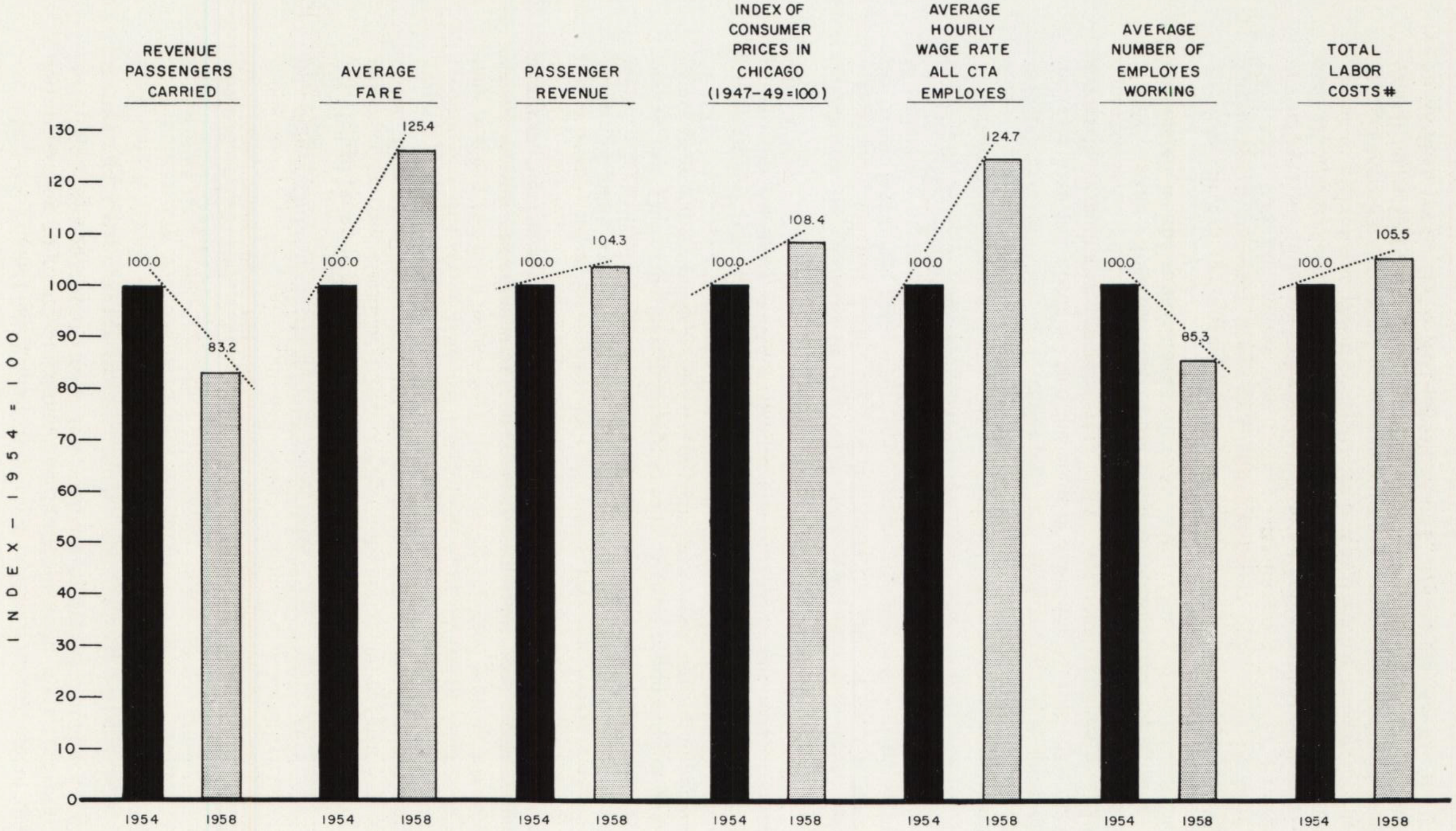
However, the Authority has reached the end of the rope, so to speak. Tables 1 and 2 show how and why during the past five years the jaws of the vise have squeezed the transit fare to the point where it no longer produces sufficient replacement funds to maintain a modern fleet of revenue vehicles, and provides nothing for further improvement and expansion programs.

Between the years 1954 and 1958 (Table 1) revenue passengers have declined 16.8%; average fare increased 25.4%; but passenger revenues increased only 4.3%. When a 25% fare increase produces only 4% more revenue it is apparent that fare increases have just about reached the point of vanishing returns. The 1957 fare increases that could have produced $11,950,000 additional revenues in 1958 returned a meager $1,717,000 because revenue passengers declined 48,772,000 (8.4%). Some of this passenger loss was due to the business recession but the greatest part of it was caused by the fare increase.

The effect of the inflationary wage spiral (Table 1) is also forcefully illustrated. The index of consumer prices in Chicago increased only 8.4% between the years 1954 and 1958, but average hourly wage rates increased 24.7%. Average number of employes working in 1958 was 14.7% less (2,409 employes) than in 1954, yet total labor costs increased 5.5% ($4,150,000). These contradictory figures do not appear to make sense, and they don't, but that is what has happened. For example, by rigid economies and efficient utilization of man power, the Authority reduced 1958 payroll hours 1,814,400 under the 1957 total. This represents a potential saving of $4,200,000, yet the 1958 total payroll was $1,787,000 greater than the 1957 total.

CHICAGO TRANSIT AUTHORITY

EFFECT OF INFLATION, FARE INCREASES AND OTHER FACTORS ON PASSENGER REVENUE AND LABOR COSTS DURING THE PAST FIVE YEARS



	REVENUE PASSENGERS CARRIED	AVERAGE FARE	PASSENGER REVENUE	INDEX OF CONSUMER PRICES IN CHICAGO (1947-49=100)	AVERAGE HOURLY WAGE RATE ALL CTA EMPLOYES	AVERAGE NUMBER OF EMPLOYES WORKING	TOTAL LABOR COSTS#
YEAR 1958	533,294,000	23.23¢	$123,880,000	127.0	$2.507	13,994	$79,007,000
YEAR 1954	641,167,000	18.52¢	$118,756,000	117.2	$2.010	16,403	$74,857,000
1958 increase or (decrease)	(107,873,000)	4.71¢	$5,124,000	9.8	$0.497	(2,409)	$ 4,150,000

#—INCLUDES PENSION CONTRIBUTION, SOCIAL SECURITY TAX AND GROUP INSURANCE COSTS.

TABLE NO. 1

Table 2 compares application of revenues to fixed requirements between the years 1954 and 1958. Total revenues increased only 4.11% ($4,979,000) despite two upward revisions in the fare structure during this five-year period. Operating expenses and fixed requirements increased $6,116,000, of which $4,150,000 (68%) occurred in labor costs and $2,564,000 (42%) is represented by what may be termed uncontrollable expenses, i.e., provision for injury and damage claims, debt service requirements and depreciation. A 10% reduction was made in cost of materials, supplies and services. The balance available for other charges was $536,000 in 1954, but in 1958 there was a $601,000 deficit in funds available for full depreciation provision.

Deficits in full provision for depreciation have occurred in each of the past three years — 1958, 57 and 56. A $4,611,600 deficiency is estimated for the year 1959. Fare increases sufficient to meet 1959 requirements would further reduce patronage by tens of millions of passengers and necessitate drastic curtailment of service. Experience has shown that this is not the proper approach to a solution.

Should a number of recent route extensions be withdrawn and certain unprofitable lines be discontinued? Cost studies for the year 1958 reveal that 42 motor bus routes serving sparsely settled areas and lightly patronized lines were operated at a loss of approximately $4,000,000. Revenue miles operated on these losing routes accounted for 26% of total motor bus miles. The loss on these routes will be considerably greater in 1959 due to increased labor costs. Their discontinuance would disrupt transit service in every section of Chicago and isolate certain suburban areas.

Should Sunday and Holiday service be discontinued entirely? Even at the present low level of riding, the Authority carries as many as 688,000 revenue passengers on a Sunday. Assuming that most patrons make a round trip, this means that approximately 340,000 individuals depend on the Authority for transportation. Can they be denied transit facilities to attend churches, for other social activities, and going to and from work? Sunday and Holiday service is definitely a losing operation.

Should evening and night operation be discontinued? A recent check indicates that the Authority carried a weekday average of 152,000 revenue passengers between the hours of 9:00 P.M. and 5:00 A.M. This represents at least 76,000 individual workers, theatre goers and others who depend on the Authority's service. That number of people is greater than the entire population of many well-known medium sized cities. Can this segment of Chicago's population be ignored? This portion of the service is a losing operation.

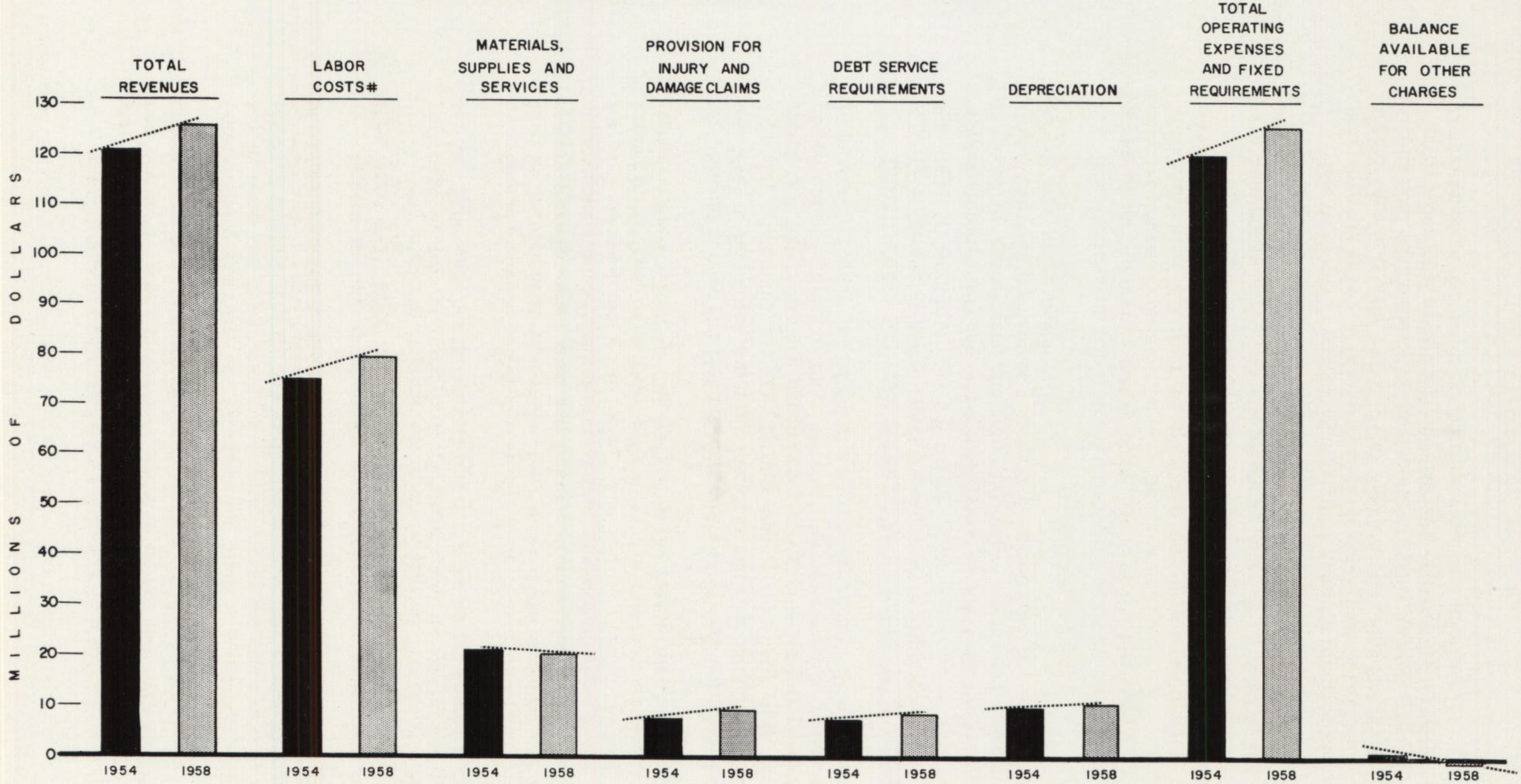
The interests of public convenience and necessity are always foremost in the minds of the Authority's management. None of the foregoing alternatives are palatable, yet drastic action must be taken in the immediate future to protect the solvency of the Authority. Whatever course is taken, fare increase, elimination of non-productive services, or a combination of both, will seriously affect the economy of the Chicago area.

Substantial public financial assistance must be provided in the year 1959 if we are to maintain a comprehensive transit system.

The Authority developed and presented plans for an expansion and improvement program early in 1957. This plan called for public financial assistance of $315,000,000 spread over a 20-year period. The suggested program has been favorably received and its need recognized by all governmental bodies involved. It has received excellent support from local newspapers and has been endorsed by numerous civic associations, but no financial aid has as yet been provided or authorized.

CHICAGO TRANSIT AUTHORITY

APPLICATION OF REVENUES TO FIXED REQUIREMENTS YEAR 1958 COMPARED WITH YEAR 1954



	TOTAL REVENUES	LABOR COSTS#	MATERIALS, SUPPLIES AND SERVICES	PROVISION FOR INJURY AND DAMAGE CLAIMS	DEBT SERVICE REQUIREMENTS	DEPRECIATION	TOTAL OPERATING EXPENSES AND FIXED REQUIREMENTS	BALANCE AVAILABLE FOR OTHER CHARGES
YEAR 1958	$126,119,000	$79,007,000	$20,453,000	$9,144,000	$7,845,000	$10,270,000	$126,719,000	($601,000)
YEAR 1954	$121,140,000	$74,857,000	$21,051,000	$7,503,000	$7,501,000	$9,691,000	$120,603,000	$536,000
1958 increase or (decrease)	$4,979,000	$4,150,000	($598,000)	$1,641,000	$344,000	$579,000	$6,116,000	($1,137,000)
% increase or (decrease)	4.11%	5.54%	(2.84%)	21.87%	4.59%	5.97%	5.07%	—

#— INCLUDES PENSION CONTRIBUTION, SOCIAL SECURITY TAX AND GROUP INSURANCE COSTS.

TABLE NO. 2

This program, however, was not intended to provide funds for operating costs except to the extent that public monies would be expected to be used to construct and maintain the right-of-way and all other facilities up to the wheels of rapid transit cars as is done for all forms of surface transportation—passenger automobiles, taxicabs, trucks and buses.

In view of the serious financial plight of the Authority, now is the time to thresh out the question as to why the Authority—separately and apart from all other lines of business—should be singled out to subsidize the transportation of students, a function that belongs to the community as a whole and not a burden to be placed on adult users of the service who must pay higher fares to offset losses arising from carrying students at less than cost of service rendered. Between the years 1954 and 1958, overall patronage has declined 16.8% but during the same period student riding has increased 5.7%. The movement of students in the A.M. rush period requires special buses on many lines, often at premium rates of pay to operators, and, in addition, students cause excessive operating expenses by deliberate acts of vandalism and damage to equipment through carelessness.

Subsidy to students in 1958 amounted to $4,256,000, and in 1959 will just about equal the deficit anticipated in the 1959 budget. Over the past five years the total subsidy to students has been $18,146,000.

Free transportation of students in rural and urban areas has long been an obligation assumed by the school system. A partial portion of this cost, now a burden on the Authority's adult riders, is a proper charge against school funds. Immediate action should be taken to place this financial obligation where it properly belongs.

This is the year of decision. The welfare and economic progress of Chicago is dependent upon a comprehensive and efficient mass transit system. We must look to public agencies for a solution to the problem.

PERSONNEL

The total number of employes in service at the end of 1958 was 13,945, a decrease of 378 from the 14,323 at December 31, 1957, and a decrease of 9,423 from the 23,368 in service at dates of acquisition of properties from predecessor companies.

During the year, 420 employes retired on pensions. There were 361 deaths of persons pensioned. The total number of persons receiving pension payments at December 31, 1958 was 5,417.

CHICAGO TRANSIT BOARD

All members of the Board were saddened by the death of Mr. Philip W. Collins on February 13, 1958. Mr. Collins had been a member of Chicago Transit Board since organization of the Authority. His ability in business and finance and conscientious devotion to duty was of great assistance in the management and modernization of local transportation facilities in Chicago. His term of office would have expired September 1, 1962.

On April 29, 1958, Mr. Edward F. Moore was appointed as a member of the Board to fill the unexpired term of Mr. Collins. The appointment was made by the Honorable William G. Stratton, Governor of Illinois, and approved by the Honorable Richard J. Daley, Mayor of Chicago. Mr. Moore filed his oath of office with the Secretary of State on May 1, 1958.

The term of Mr. John Holmes, as a member of Chicago Transit Board, expired September 1, 1958. Mr. Holmes, Chairman of the Board of Swift & Co., made important contributions to transit in Chicago during his seven-year term. The Board is grateful for his devoted service and shall miss his presence and counsel.

Joseph D. Murphy, prominent Chicago investment banker, was appointed a member of Chicago Transit Board to succeed Mr. Holmes for a seven-year term expiring September 1, 1965. The appointment was made by Honorable Richard J. Daley, Mayor of Chicago, and approved by Honorable William G. Stratton, Governor of Illinois. Mr. Murphy filed his oath of office with the Secretary of State on October 28, 1958.

The Board held twenty meetings for the transaction of official business during the year and, in addition, held many informal conferences and several public hearings.

METROPOLITAN TRANSIT
CTA

Acknowledgments

The Board wishes to thank the many public officials and other persons whose efforts brought about the opening of the West Side subway extension in Congress Street Expressway; provided for the elevation and extension of the Lake Street branch of the rapid transit system; and for their interest in further expansion of rapid transit facilities throughout the Chicago Metropolitan Area.

We express appreciation to the employes of the Authority whose efforts have made possible the accomplishments of the past year, and to the riding public for their continued support and confidence.

By Order of the Board,

V. E. Gunlock

Chairman

ARTHUR ANDERSEN & CO.

120 South La Salle Street
Chicago 3

Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheet of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of December 31, 1958, and the related statements of accumulated net earnings, of application of revenues and of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of accumulated net earnings and of funds present fairly the financial position of Chicago Transit Authority as of December 31, 1958, and the results of its operations and fund transactions for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying statement of application of revenues presents fairly the distribution of revenues for the year ended December 31, 1958, in accordance with the provisions of the Trust Agreement securing the Revenue Bonds.

Arthur Andersen & Co.

March 31, 1959.

Statements of Application of Revenues

For the Years Ended December 31, 1958 and 1957

	1958	1957
Revenues	$126,118,729	$124,472,935
Operating Expenses:		
Conducting transportation	$ 53,072,395	$ 52,019,732
Maintenance—		
Equipment	19,526,608	19,035,612
Way and structures	6,223,956	6,248,726
Electric power	5,392,816	5,621,663
Fuel for revenue equipment	2,833,318	3,038,637
Rentals under long-term leases	998,064	898,890
Provision for injuries and damages	9,143,608	8,901,923
Employees' pensions and insurance	6,016,220	5,832,811
Social security taxes	1,351,465	1,328,991
General and administrative expenses	4,045,756	3,834,416
	$108,604,206	$106,761,401
Revenue available for debt service	$ 17,514,523	$ 17,711,534
Debt Service Requirements on Revenue Bonds:		
Interest	$ 4,595,688	$ 4,727,766
Serial Bond Maturity Fund	2,000,000	2,500,000
Sinking Fund	1,205,880	574,600
Revenue Bond Reserves	43,398	222,000
	$ 7,844,966	$ 8,024,366
Balance	$ 9,669,557	$ 9,687,168
Transfer from Operating Expense Reserve to Meet Debt Service Requirement	—	313,589
	$ 9,669,557	$ 10,000,757
Other Requirements:		
Depreciation—		
Prior period deficiency	$ 180,690	$ 223,612
Current period	10,089,498	9,957,835
Revenue Bond Amortization	—	—
Operating Expense Reserve	—	—
Municipal Compensation	—	—
	$ 10,270,188	$ 10,181,447
Deficiency in Revenues, representing depreciation for which cash was not available for deposit with Trustee	$ (600,631)	$ (180,690)

The accompanying notes are an integral part of these statements.

Notes to Statements of Application of Revenues

For the Years Ended December 31, 1958 and 1957

Revenues have been applied in the order of precedence required by the Trust Agreement securing the Revenue Bonds.

Revenues of each year after deducting operation and maintenance expenses are to be deposited in the following funds, in the order shown, to the extent that moneys are available therefor:

1. Revenue Bond Interest, Serial Bond Maturity, Sinking Fund, and Reserve Funds—Deposits equal to debt service requirements as provided in the Revenue Bond Trust Agreement.

2. Depreciation Reserve Fund—Deposits equal to annual depreciation provision and deficiencies, if any, in prior years' deposits.

3. Revenue Bond Amortization Fund—Deposits, cumulative within the year, equal to $300,000 quarterly for the Series of 1947 and 1952 Revenue Bonds and $16,714 quarterly for the Series of 1953 Revenue Bonds.

4. Operating Expense Reserve Fund—Deposit to be $900,000 each year, to the extent moneys are available.

5. Municipal Compensation Fund—Deposit to be computed in accordance with the Franchise Ordinance, to the extent moneys are available.

6. Modernization Fund—Deposit to be equal to the moneys remaining after making required deposits in the above funds.

CHICAGO TRANSIT AUTHORITY —

Assets

	December 31 1958	December 31 1957
Transportation Property, at cost	$175,457,617	$173,535,135
Less—Reserve for depreciation	48,711,620	43,612,421
	$126,745,997	$129,922,714
Special Funds—cash and U. S. Government securities (see accompanying statement of funds):		
Under control of Revenue Bond Trustee—		
Transit Revenue	$ —	$ —
Series of 1947 Serial Bond Maturity	1,000,000	1,000,000
Sinking Funds	1,254	2,222
Revenue Bond Reserves	8,159,800	8,114,308
Depreciation Reserve ($1,639,639 minimum balance required at December 31, 1958, by Equipment Trust Agreements)	7,687,146	8,269,524
Revenue Bond Amortization	1,331	1,331
Operating Expense Reserve	1,257,837	1,257,837
Modernization	—	9,922
	$ 18,107,368	$ 18,655,144
Under control of Equipment Trustee (for purchase of equipment)	4,101,877	55,144
Damage Reserve	1,037,444	1,245,041
	$ 23,246,689	$ 19,955,329
Current Assets:		
Cash, U. S. Government and municipal securities (see accompanying statement of funds)—		
Working cash (including $5,000,000 provided from Revenue Bond proceeds)	$ 13,215,356	$ 13,627,634
Deposits for payment of interest on Revenue Bonds	2,267,311	2,329,233
Deposits for payment of interest on Equipment Trust Certificates	144,457	183,232
	$ 15,627,124	$ 16,140,099
Accounts receivable, less reserve	1,432,049	1,067,901
Materials and supplies, at average cost	5,687,040	5,618,184
Prepayments and other current assets	1,397,392	805,543
	$ 24,143,605	$ 23,631,727
Deferred Charges:		
Discount on Series of 1952 Revenue Bonds	$ 203,179	$ 479,411
Improvements to leased offices, in process of amortization	184,293	249,337
Other	11,758	4,186
	$ 399,230	$ 732,934
	$174,535,521	$174,242,704

COMPARATIVE BALANCE SHEETS

Liabilities

	December 31	
	1958	1957
Long-Term Debt (see accompanying statements):		
Revenue Bonds	$116,629,000	$120,122,000
Equipment Trust Certificates, after deducting funds of $2,796,800 and $2,721,800, respectively, held by Trustee for payment of principal—Note 1	12,203,200	10,818,200
	$128,832,200	$130,940,200
Property Purchase Obligation, 4%, paid from Depreciation Reserve Fund	$ —	$ 142,000
Accumulated Net Earnings, distributed in accordance with Revenue Bond Trust Agreement for (see accompanying statement):		
Serial Bond Maturity	$ 14,000,000	$ 12,000,000
Sinking Funds	1,838,775	591,475
Revenue Bond Reserves	8,163,880	8,115,388
Revenue Bond Amortization	2,883,506	2,883,506
Operating Expense Reserve	1,257,837	1,257,837
Modernization Reserve	735,162	701,607
Other Reserves	834,087	621,567
Deficiency, representing depreciation for which cash was not available for deposit with Trustee	(600,631)	(180,690)
	$ 29,112,616	$ 25,990,690
Less—Financing costs not deductible from revenues in accordance with Revenue Bond Trust Agreement	5,937,450	5,301,580
	$ 23,175,166	$ 20,689,110
Current Liabilities:		
Accounts payable	$ 5,809,784	$ 5,666,777
Accrued wages and vacation pay	5,276,150	4,893,240
Accrued interest on Revenue Bonds	2,267,311	2,329,233
Accrued interest on Equipment Trust Certificates	144,457	183,232
Unredeemed tickets and tokens	721,562	692,376
	$ 14,219,264	$ 13,764,858
Deferred Paving Liability	$ 1,512,566	$ 1,702,616
Damage Reserve	$ 6,796,325	$ 7,003,920
Equipment Commitments—Note 1		
	$174,535,521	$174,242,704

The accompanying notes are an integral part of these balance sheets.

Notes to Balance Sheet

December 31, 1958

(1) The Authority has an agreement which provides, subject to certain conditions, for the sale of $5,100,000 additional Equipment Trust Certificates, providing the aggregate amount of all certificates outstanding at any time will not exceed $15,000,000, the amount outstanding at December 31, 1958. It is anticipated that Equipment Trust Certificates will be sold as certificates are retired and funds are needed for the purchase of equipment; which equipment will be pledged as collateral for such certificates.

Subsequent to December 31, 1958, the Authority contracted for the purchase of 100 motor buses at a contract cost of $2,177,810. The cost of this equipment is to be paid from the proceeds of the sale of additional Equipment Trust Certificates and from the Depreciation Reserve Fund.

Commitments for the purchase of 150 propane fueled motor buses and for the conversion of 100 P.C.C. streetcars to L-Subway cars aggregated approximately $3,661,271 at December 31, 1958. The cost of this equipment is to be paid from the proceeds of the sale of additional Equipment Trust Certificates, from funds on deposit with the Equipment Trustee, and from the Depreciation Reserve Fund.

(2) The Authority leases operating property under long-term contracts having an aggregate rental of approximately $19,000,000 over the remaining lives of such contracts.

ds Under Control of Revenue Bond Trustee						Funds Under Control of Equipment Trustee (See Accompanying Statement)	Other Funds	
Bond								
Sinking Funds	Reserves	Depreciation Reserve	Revenue Bond Amortization	Operating Expense Reserve	Modernization		Damage Reserve	Working Cash
$ 2,222	$8,114,308	$11,512,598	$1,331	$1,257,837	$1,863,693	$ 2,960,176	$ 599,398	$ 2,638,830
$ —	$ 153,808	$ —	$ —	$ 27,429	$ —	$ 67,298	$ —	$ 255
—	—	—	—	—	—	4,440,000	—	—
41,420	5,094	212,520	—	—	33,555	(67,298)	—	(255)
1,205,880	43,398	10,411,471	—	—	1,400,000	—	—	113,446,117
3,000	(156,808)	—	—	(27,429)	53,655	—	9,090,148	(9,143,803)
$1,250,300	$ 45,492	$10,623,991	$ —	$ —	$1,487,210	$ 4,440,000	$9,090,148	$104,302,314
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$106,727,970
1,251,268	—	2,534,269	—	—	758,251	10,052,191	9,321,070	(3,292,520)
—	—	8,295,149	—	—	1,400,000	(9,695,149)	—	—
$1,251,268	$ —	$10,829,418	$ —	$ —	$2,158,251	$ 357,042	$9,321,070	$103,435,450
$ 1,254	$ 20,986	$ 846,231	$1,331	$ 508,774	$ 70,547	$ 2,799,770	$ 368,476	$ 3,489,523
—	8,138,814	10,460,940	—	749,063	1,122,105	4,243,364	—	16,171
$ 1,254	$8,159,800	$11,307,171	$1,331	$1,257,837	$1,192,652	$ 7,043,134	$ 368,476	$ 3,505,694
—	—	—	—	—	—	—	—	—
—	—	302,582	—	—	—	—	668,968	4,594,403
—	—	(3,922,607)	—	—	(1,192,652)	—	—	5,115,259
$ 1,254	$8,159.800	$ 7,687,146(1)	$1.331	$1,257 837	$ —	$ 7,043,134	$1,037,444	$ 13,215,356
$ 1,254	$8,159,800	$ 7,687,146	$1,331	$1,257,837	$ —	$ 4,101,877	$1,037,444	$ —
—	—	—	—	—	—	144,457	—	13,215,356
—	—	—	—	—	—	2,796,800	—	—
$ 1,254	$8,159,800	$ 7,687,146	$1.331	$1,257,837	$ —	$ 7,043,134	$1,037,444	$ 13,215,356

deduction.

ber 31, 1958, by Equipment Trust Agreements.

Statement of Accumulated Net Earnings

For the Year Ended December 31, 1958

		Distribution of Net Ear		
	Total	Serial Bond Maturity	Sinking Funds	R I Re
Balance December 31, 1957	$20,689,110	$12,000,000	$ 591,475	$8,1
Deficiency in revenues per accompanying statement of application of revenues	$ (600,631)	—	—	-
Add—Items deductible from operating revenues in accordance with the Trust Agreement securing the Revenue Bonds but not deductible from accumulated net earnings pursuant to generally accepted accounting principles—				
Allocation of net earnings for debt service requirement	3,249,278	2,000,000	1,205,880	
Depreciation deficiency during previous years	180,690	—	—	-
Interest earned on funds controlled by Revenue Bond Trustee (Note 1)	292,589	—	41,420	
Interest on equipment trust certificates, etc. (Note 2)	(635,870)	—	—	-
Net income determined in accordance with generally accepted accounting principles	$ 2,486,056			
Balance December 31, 1958	$23,175,166	$14,000,000	$1,838,775	$8,1

( ) Denotes deduction.

NOTES:

(1) Interest earnings may be disbursed only for the purposes for which the funds were created and are not included in tr

(2) Interest on Equipment Trust Certificates and on the Property Purchase Obligation paid from the Depreciation Reser the provisions of the Trust Agreement securing the Revenue Bonds.

ings in Accordance with the Trust Agreement Securing the Revenue Bonds

evenue Bond serves	Revenue Bond Amortization	Operating Expense Reserve	Modernization Reserve	Depreciation Fund and Special Modernization Reserve	Depreciation Deficiency	Financing Costs Not Deductible from Revenues
15,388	$2,883,506	$1,257,837	$701,607	$621,567	$(180,690)	$(5,301,580)
—	—	—	—	—	(600,631)	—
43,398	—	—	—	—	—	—
—	—	—	—	—	180,690	—
5,094	—	—	33,555	212,520	—	—
—	—	—	—	—	—	(635,870)
63,880	$2,883,506	$1,257,837	$735,162	$834,087	$(600,631)	$(5,937,450)

nsit revenues under the provisions of the Trust Agreement securing the Revenue Bonds.

ve Fund, and amortization of discount on Revenue Bonds are not deductible from transit revenues under

Statement of Funds

For the Year Ended December 31, 1958

				Fun
			Revenue	
	Total	Transit Revenue	Interest	Serial Maturity
Balance December 31, 1957	$ 38,464,558	$ 6,184,932	$2,329,233	$1,000,000
Add—Receipts:				
Collection of revenues	$126,161,722	$125,872,227	$ 19,545	$ 21,160
Proceeds from sale of Equipment Trust Certificates	4,440,000	—	—	—
Other receipts	6,261,173	6,036,137	—	—
Transfers from Transit Revenue Fund	—	(133,102,554)	4,595,688	2,000,000
Other transfers (net)	—	221,942	(19,545)	(21,160)
	$136,862,895	$ (972,248)	$4,595,688	$2,000,000
Deduct—Disbursements:				
Costs and expenses of operation, purchase of materials and supplies, reimbursable expenditures, etc.	$106,727,970	$ —	$ —	$ —
Disbursements for purposes for which funds were created	27,282,139	—	4,657,610	2,000,000
Transfers from Revenue Bond Trustee to Equipment Trustee (see accompanying statement)	—	—	—	—
	$134,010,109	$ —	$4,657,610	$2,000,000
Balance December 31, 1958—				
Before transfers described below:				
Cash	$ 15,601,618	$ 5,212,684	$2,267,311	$ 14,731
U. S. Government and municipal securities (at cost)	25,715,726	—	—	985,269
	$ 41,317,344	$ 5,212,684	$2,267,311	$1,000,000
Add or (Deduct):				
December collections deposited January 2, 1959	353,269	353,269	—	—
Fund transfers to be made after December 31, 1958—				
Transfers from Transit Revenue Fund	—	(5,565,953)	—	—
Reimbursement of working cash for disbursements payable from special funds	—	—	—	—
	$ 41,670,613	$ —	$2,267,311	$1,000,000
Balance December 31, 1958—				
Classified in accompanying balance sheet as:				
Special funds	$ 23,246,689	$ —	$ —	$1,000,000
Current assets	15,627,124	—	2,267,311	—
Reduction of long-term debt	2,796,800	—	—	—
	$ 41,670,613	$ —	$2,267,311	$1,000,000

( ) Denotes

NOTE (1): $1,639,639 minimum balance required at Decem

Series of 1952		Series of 1953	
est	Amount	Interest Rate	Amount
%	$ —	—%	$ —
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	22,423,000	4½	6,907,000
	$ 22,423,000		$ 6,907,000
	$ —		$ —
	182		365
	1,345,380		414,420
	110		690
	$ 1,345,672		$ 415,475
	$ —		$ —
	—		—
	—		—
	$ —		$ —

Statements of Funds Under Control of Equipment Trustee

For the Year Ended December 31, 1958

			Equ	
			Payment of	
	Total	Payment of Interest	Series 4	Serie
Balance December 31, 1957	$ 2,960,176	$183,232	$1,445,000	$425
Add—Receipts:				
Proceeds from sale of Equipment Trust Certificates	$ 4,440,000	$ —	$ —	$ –
Interest collections on U. S. Government securities	67,298	1,891	24,910	7
Interest collections transferred to Revenue Bond Trustee	(67,298)	(1,891)	(24,910)	(7
Transfers from Revenue Bond Trustee for—				
Payment of principal and interest on Equipment Trust Certificates	3,645,900	590,900	1,615,000	480
Purchase of equipment	4,649,249	—	—	–
Proceeds from sale of PCC cars	1,400,000	—	—	–
	$14,135,149	$590,900	$1,615,000	$480
Deduct—Disbursements:				
Payments to equipment manufacturers	$ 6,442,516	$ —	$ —	$ –
Payment of principal and interest on Equipment Trust Certificates	3,609,675	629,675	1,585,000	465
	$10,052,191	$629,675	$1,585,000	$465
Balance December 31, 1958:				
Cash	$ 2,799,770	$110,676	$ 819,644	$251
U. S. Government securities (at cost)	4,243,364	33,781	655,356	189
	$ 7,043,134	$144,457	$1,475,000	$440
Balance December 31, 1958:				
Classified in accompanying balance sheet as:				
Special funds	$ 4,101,877	$ —	$ —	$ –
Current assets	144,457	144,457	—	–
Reduction of long-term debt	2,796,800	—	1,475,000	440
	$ 7,043,134	$144,457	$1,475,000	$440

ipment Trust Certificate Funds				
Principal		Purchase of Equipment		
s 5	Series 6	Series 7	Series 8	Series 9
.600	$851,200	$45,283	$ 9,861	$ —
-	$ —	$ —	$ —	$ 4,440,000
,286	13,330	—	—	19,881
,286)	(13,330)	—	—	(19,881)
,000	960,000	—	—	—
-	—	44,023	105,226	4,500,000
-	—	—	—	1,400,000
,000	$960,000	$44,023	$105,226	$10,340,000
-	$ —	$89,306	$115,087	$ 6,238,123
,000	930,000	—	—	—
000	$930,000	$89,306	$115,087	$ 6,238,123
363	$496,200	$ —	$ —	$ 1,121,887
,237	385,000	—	—	2,979,990
600	$881,200	$ —	$ —	$ 4,101,877
-	$ —	$ —	$ —	$ 4,101,877
-	—	—	—	—
600	881,200	—	—	—
600	$881,200	$ —	$ —	$ 4,101,877

Statement of Revenue Bonds

December 31, 1958

		Series of 1947		
	Total	Interest Rate	Amount	Inter Rat
REVENUE BONDS BY YEAR OF MATURITY:				
1959	$ 2,000,000	3⅜%	$ 2,000,000	—
1960	2,000,000	3⅜	2,000,000	—
1961	2,000,000	3⅜	2,000,000	—
1962-1965	8,000,000	3½	8,000,000	—
1966-1972	13,000,000	3⅝	13,000,000	—
1978	60,299,000	3¾	60,299,000	—
1982	29,330,000	—	—	4½
REVENUE BONDS, per balance sheet	$116,629,000		$ 87,299,000	
FUNDS UNDER CONTROL OF REVENUE BOND TRUSTEE, classified as special funds in balance sheet:				
Serial Bond Maturity	$ 1,000,000		$ 1,000,000	
Sinking Funds	1,254		707	
Revenue Bond Reserves	8,159,800		6,400,000	
Revenue Bond Amortization	1,331		531	
	$ 9,162,385		$ 7,401,238	
DEPOSITS WITH TRUSTEE (exclusive of interest) required in 1959 (Notes 1 and 2):				
Serial Bond Maturity, monthly deposits beginning July 1 of each year to pay Series of 1947 Revenue Bonds maturing the following July 1	$ 2,000,000		$ 2,000,000	
Series of 1947 Sinking Fund, monthly deposits for the retirement or redemption of Series of 1947 Revenue Bonds	1,321,320		1,321,320	
Revenue Bond Reserves (Note 3)	—		—	
	$ 3,321,320		$ 3,321,320	

NOTES:

(1) The Authority is also required to deposit from moneys remaining after all required deposits in the Depreciation Reserve Fund have been made, $316,714 each quarter, and deficiencies, if any, in previous quarters within the year, in the Revenue Bond Amortization Fund.

(2) Sinking Fund deposits for the Series of 1952 and 1953 Revenue Bonds are required beginning January 1, 1960.

(3) The Revenue Bond reserve requirements of $8,159,800 were met during 1958 and prior years.

Revenue Equipment Owned

December 31, 1958

	On Hand Dec. 31, 1957	January 1, 1958 to December 31, 1958		On Hand Dec. 31, 1958
		Acquired	Retired	
Surface System:				
Streetcars—				
P.C.C. Cars	127	—	101	26
Total Street Cars	127	—	101	26
Buses—				
Trolley Buses	592	—	13	579
Gas—Mechanical	239	—	81	158
Gas—Hydraulic	527	—	1	526
Diesel—Hydraulic	703	—	3	700
Propane—Hydraulic	1,199	119	—	1,318
Total Buses	3,260	119	98	3,281
Total Surface Equipment	3,387	119	199	3,307
Rapid Transit System:				
Elevated Cars—Wood and Steel	120	—	104	16
Elevated-Subway Cars—				
Steel, conventional type	452	—	4	448
Metal, articulated	4	—	—	4
Metal, P.C.C.	668	2	—	670
Total Rapid Transit Cars	1,244	2	108	1,138
Total Revenue Equipment Owned	4,631	121	307	4,445

Statement of Equipment Trust Certificates

December 31, 1958

		Series 4	
		Class 1	Class 2
	Total	3¾%	4½%
EQUIPMENT TRUST CERTIFICATES BY YEAR OF MATURITY:			
1959	$ 2,705,000	$1,215,000	$215,000
1960	3,535,000	1,270,000	—
1961	1,505,000	—	—
1962	1,550,000	—	—
1963	1,590,000	—	—
1964	1,625,000	—	—
1965	1,655,000	—	—
1966	835,000	—	—
Total outstanding	$15,000,000	$2,485,000	$215,000
Less—Funds held by Trustee for payment of principal	2,796,800	1,260,000	215,000
EQUIPMENT TRUST CERTIFICATES, per balance sheet	$12,203,200	$1,225,000	$ —
DEPOSITS REQUIRED IN 1959 FOR PAYMENT OF PRINCIPAL (Note 2)	$ 2,303,200	$1,225,000	$ —

	Total		Series 4	
	Units	Amount	Units	Amount
COLLATERAL FOR EQUIPMENT TRUST CERTIFICATES AT DECEMBER 31, 1958:				
Equipment held in name of Trustee (at contract cost)—				
Propane buses	757	$15,080,483	266	$ 5,060,519
Elevated-subway cars	470	24,109,735	137	6,429,660
Partial payments on elevated-subway cars in process of manufacture or delivery	—	3,858,443	—	—
Cash and U. S. Government securities held by Trustee for purchase of—				
Propane buses	43			
Elevated-subway cars	100	4,101,877	—	—
		$47,150,538		$11,490,179

NOTES:

(1) Additional interest is payable on the 4⅛% and 4½% notes at the rates of 1⅞% and 1½%, respectively, to December 1, 1959, and on the 4⅜% notes at the rate of 1⅝% to June 1, 1960.

(2) Payments of principal and interest on Equipment Trust Certificates are to be made from the Depreciation Reserve Fund after requirements have been fulfilled for principal and interest on the Revenue Bonds.

Series 5		Series 6		Series 7		Series 8	Series 9	
Class 1	Class 2	Class 1	Class 2		4⅛%	4⅛%	4½%	4⅜%
4%	5%	4%	5%	3½%	(Note 1)	(Note 1)	(Note 1)	(Note 1)
$360,000	$ 65,000	$ 720,000	$130,000	$ —	$ —	$ —	$ —	$ —
375,000	—	750,000	—	—	—	—	575,000	565,000
—	—	—	—	435,000	235,000	235,000	350,000	250,000
—	—	—	—	455,000	245,000	250,000	350,000	250,000
—	—	—	—	475,000	255,000	260,000	350,000	250,000
—	—	—	—	495,000	260,000	270,000	350,000	250,000
—	—	—	—	505,000	270,000	280,000	350,000	250,000
—	—	—	—	255,000	140,000	140,000	175,000	125,000
$735,000	$ 65,000	$1,470,000	$130,000	$2,620,000	$1,405,000	$1,435,000	$2,500,000	$1,940,000
375,600	65,000	751,200	130,000	—	—	—	—	—
$359,400	$ —	$ 718,800	$ —	$2,620,000	$1,405,000	$1,435,000	$2,500,000	$1,940,000
$359,400	$ —	$ 718,800	$ —	$ —	$ —	$ —	$ —	$ —

Series 5		Series 6		Series 7		Series 8		Series 9	
Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
100	$1,975,286	134	$2,672,637	150	$ 2,992,361	—	$ —	107	$ 2,379,680
26	1,233,329	92	4,364,857	147	8,089,663	68	3,992,226	—	—
—	—	—	—	—	—	—	—	—	3,858,443
—	—	—	—	—	—	—	—	43 100	4,101,877
	$3,208,615		$7,037,494		$11,082,024		$3,992,226		$10,340,000

Mileage Owned, Leased and Operated

December 31, 1958

	Surface System	Rapid Transit System	Combined
Track Owned or Leased:			
Owned	78.46	174.52	252.98
Leased	—	30.13	30.13
Total Track Owned or Leased	78.46	204.65	283.11
Revenue and Non-Revenue Track or Route Mileage:			
Revenue Miles in Operation—			
Revenue Tracks	—	160.72	160.72
Trolley Bus Lines (Single Way Miles)	260.02	—	260.02
Motor Bus Lines (Single Way Miles)	1,617.75	—	1,617.75
Total Revenue Miles	1,877.77	160.72	2,038.49
Non-Revenue Miles—			
Unused Track	75.12(1)	1.57(1)	76.69
Service Track	3.34(2)	42.36(3)	45.70
Connecting Trolley Bus Lines & Trolley Bus Storage	17.79	—	17.79
Total Non-Revenue Miles	96.25	43.93	140.18
TOTAL	1,974.02	204.65	2,178.67

NOTES:

(1) This mileage covers Tracks located in public ways and streets which are isolated, Tracks from which electric service has been disconnected, and Tracks not used.

(2) This mileage covers Tracks located in yards and carhouses; also 1.29 miles in public ways and streets used for pull-in, pull-out, work cars, and in case of emergencies.

(3) Includes 14.63 miles of Main Line Storage Track, and 3.68 miles of freight Gauntlet Track, Evanston Branch. Balance consists of Track in yards and carhouses.

Statement of Transportation Property and Organization Expense

Showing Balance at December 31, 1957, Plus Additions and Less Retirements During Year 1958 and Balance at December 31, 1958

	Balance Dec. 31, 1957	Gross Additions	Retirements	Balance Dec. 31, 1958
Land	$ 13,389,822	$ 74,148	$ 95,067	$ 13,368,903
Track & Paving	8,837,132	266,700	1,639,258	7,464,574
Machinery & Tools	3,741,519	260,511	46,806	3,955,224
Electrical Line Equipment	9,776,843	240,126	492,535	9,524,434
Buildings	23,114,814	603,666	334,520	23,383,960
Cars	40,678,794	4,169,732	2,702,368	42,146,158
Buses	57,435,885	2,419,673	1,218,378	58,637,180
Work Cars, Autos & Service Equipment	1,553,942	129,301	37,376	1,645,867
Furniture	1,180,093	76,670	8,297	1,248,466
Signals & Interlocking	638,647	38,146	10,478	666,315
Crossings, Fences & Signs	776,848	107,305	1,222	882,931
Elevated Structures	6,929,416	206,603	448,764	6,687,255
Substation Equipment	1,535,786	161,598	1,824	1,695,560
Telephone & Communications	498,673	16,924	7,899	507,698
Engineering	46,623	—	—	46,623
General & Miscellaneous	3,314,982	296,158	99,987	3,511,153
Total Transportation Property	173,449,819	9,067,261	7,144,779	175,372,301
Organization Expense	85,316	—	—	85,316
TOTAL	$173,535,135	$9,067,261	$7,144,779	$175,457,617

Operating Statistics

For Year Ended December 31, 1958

	Surface System	Rapid Transit System	Combined
Passenger and Traffic Statistics:			
Revenue Passengers	426,226,629	107,067,414	533,294,043
Revenue Vehicle Miles—			
Cars	733,182	42,991,829	43,725,011
Trolley Buses	19,486,343	—	19,486,343
Motor Buses	93,397,032	—	93,397,032
Total Revenue Vehicle Miles	113,616,557	42,991,829	156,608,386
Revenue per Vehicle Mile	87.59c	61.87c	80.53c
Revenue Vehicle Hours—			
Cars	67,792	(1)	67,792
Trolley Buses	2,037,189	—	2,037,189
Motor Buses	9,154,306	—	9,154,306
Total Revenue Vehicle Hours	11,259,287	—	11,259,287
Power Statistics:			
Direct Current Kilowatt Hours	81,883,627	201,666,963	283,550,590
Average Cost per Kilowatt Hour	—	—	1.81c
Motor Bus Fuel Statistics:			
Gasoline—			
Gallons	7,560,794		
Average Miles per Gallon	2.79		
Diesel Fuel—			
Gallons	5,093,605		
Average Miles per Gallon	4.19		
Propane Fuel—			
Gallons	22,693,097		
Average Miles per Gallon	2.25		

(1) Not available.

Route Changes

Route and Number	Effective Date	Description of Change
Jeffrey Express (5-A)	9- 8-58	Closed Headway from 20 minute to 15 minute frequency.
Ashland-Downtown (45)	2-11-58	Rerouted to operate east on 59th Street, south on Loomis Blvd., and west on 69th Street during P.M. rush hours.
Marquette Road (110)	2-11-58	Reversed operation to a clockwise loop via Ashland, 63rd, Loomis, and Marquette Road during P.M. rush hours.
Roosevelt Road (12)	2-27-58	Reversed operation to a clockwise movement through the terminal at 12th & Wabash.
Laramie Avenue (57)	6-22-58	The south terminal was changed in order to make contact with the Lavergne Avenue entrance of the Congress-Milwaukee Rapid Transit Station at Cicero Avenue.
Wentworth Avenue (22)	6-22-58	Rerouted the south portion of the line and changed the terminal from a wye at 81st & Halsted Streets to an off-street loop at 79th & Halsted Streets.
Marquette Road (110)	7- 7-58	Extended certain trips during weekday rush hours to serve a dormitary area lying west and south of Marquette Park.
Wentworth Avenue (22)	7-14-58	Extended certain weekday rush hour trips southward on Vincennes Ave. and east on 83rd Street to a turn-around just west of Wentworth Ave.
Jeffrey (5)	9- 8-58	Changed the south terminal for local buses to a loop via Yates, 103rd St., Torrence Ave., and 100th Street.
103rd-106th Street (103)	9-17-58	Extended route from a wye terminal at 103rd & Springfield to a new off-street loop at Pulaski & 104th Street.
Armitage Avenue (73)	10-28-58	Rerouted over Hermitage between Armitage and Cortland Streets.
63rd-65th Street (63A)	11-10-58	Rerouted certain A.M. and P.M. rush hour trips on weekdays to operate via 63rd street between Harlem and Narragansett Avenues.
Wilson-LaSalle and Michigan Avenue (156 & 153)	11- 9-58	Rerouted to operate via Irving Park, Marine Drive, and Lake Shore Inner Drive.
59th-61st Street (59)	12-14-58	Extended route to serve the Museum of Science and Industry on weekdays, Saturdays and Sundays during the hours it is open to the public.
Pershing Road (39)	2- 3-58	Discontinued weekday rush hour shuttle service on Pershing Road between Lake Park Avenue and the Indiana Avenue "L" station.
South Deering (27)	6-23-58	Eliminated the five trips operated south of the 112th street terminal to 128th St. and Torrence Avenue between 11:00 P.M. and 1:15 A.M. on weekdays. Similarly, the one Saturday morning trip was also eliminated on and after June 28, 1958.
Jackson (126A)	7- 3-58	Eliminated the loop operation via Jackson, Kedzie, Harrison and California and established a new west terminal with a turn-around at Kedzie and Jackson Blvd.
South Pulaski (53A)	9- 8-58	Trips through the Ford Aircraft Engine Plant to the turn-around on 76th St. at Kilpatrick during the late evening period were eliminated, with the exception of one trip at 12:19 A.M. On Saturdays, the same operation was removed completely during the A.M. and P.M. rush hours and late evening periods, effective September 13, 1958.
Harrison-Adams (7A)	9- 7-58	Eliminated Sunday shuttle service on this route.
South Cicero (54B)	9- 7-58	Eliminated all Sunday trips south of 67th St. and Cicero Ave. to the Ford Aircraft Engine Plant.

Inauguration of one-way street systems on portions of Michigan and Indiana Avenues and 60th and 61st Streets required the following rerouting, effective May 18, 1958:

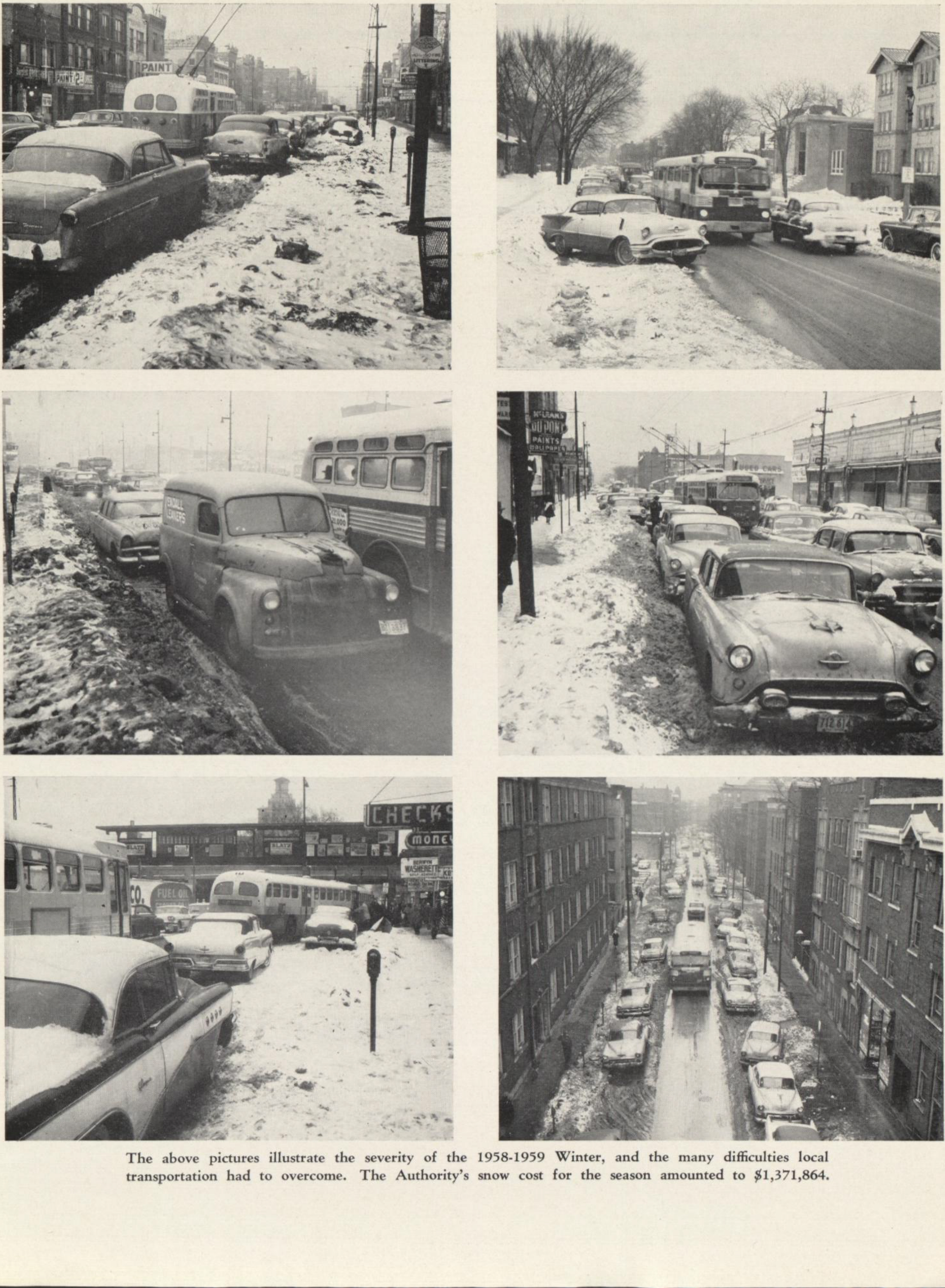
Route and Number	Description of Change
Drexel-Hyde Park (1)	Rerouted northbound to operate via South Park, 33rd St., Indiana Ave., 16th St., and Michigan Avenue.
Hyde Park (2)	Rerouted northbound to operate via South Park, 33rd St., Indiana Ave., 16th St., and Michigan Avenue.
South Park (3)	Rerouted northbound to operate via South Park, 24th St., Indiana Ave., 16th St., and Michigan Avenue.
Jeffrey (5)	Locals rerouted northbound to operate via Indiana Ave., 16th St., and Michigan Avenue. Rerouted southbound via Michigan Ave., and 43rd Street.
Stony Island (28)	Rerouted to operate over a clockwise loop via 47th St., Indiana Ave., 46th St., Prairie Ave., and 47th Street.
Pershing Road (39)	Effective May 18, 1958, all trips in both directions were routed to make transfer connections at the Indiana "L" station. Formerly, only the westbound A.M. trips made this connection. Effective May 22, 1958, after completion of street improvement work at Michigan Avenue and 40th Street, Eastbound buses operate south on Michigan Avenue from Pershing Road to 40th St., east to Indiana Ave., north to Pershing Rd. and then east on Pershing Rd. to the terminal at Lake Park Ave. Westbound buses operate south on Prairie Ave. from Pershing to 40th St., west to Indiana Ave., north to Pershing Rd. and then west on Pershing to the termnial at 38th St. and St. Louis Avenue.
59th-61st Street (59)	Rerouted westbound via 61st St. to Indiana Ave., north from 61st St. to 60th St., and west on 60th St. to State Street.
Cottage Grove (4)	Rerouted to use the newly established southbound lane at the west curb of Indiana Avenue between 18th Street and Cermak Road.
Indiana Avenue (38)	Rerouted to operate southbound on Michigan Avenue and northbound on Indiana Avenue between Cermak Road and 63rd Street.
Garfield-Michigan (6)	Rerouted to operate southbound on Michigan Avenue and northbound on Indiana Avenue between Cermak Road and Garfield Boulevard. This route and Indiana (No. 38) were consolidated, or made complementary to one another, during certain times of the day.

Surface Roadway Improvements

A total of 0.83 single track miles of abandoned track was removed in connection with street improvement work. 54.50 track miles in streets were covered with asphalt in connection with resurfacing work by the City, County and State. The total length of track that has been removed in connection with the repaving work, since the Authority was founded in 1945, is 133.14 miles. In that period 830.93 single track miles were covered with asphalt.

Five new off-street terminals were opened during the year 1958. One off-street terminal was abandoned.

At December 31, 1958, there were 101 off-street terminals in use. During the modernization and expansion program over the past eleven years, the Authority has spent more than $1,830,000 to provide vehicle loops and terminals for the safety and convenience of its patrons and the general public, and to speed the flow of traffic by eliminating the need for on-street turn-arounds and parking buses on city streets.


PAINT
DUPONT
PAINTS
WALLPAPER
CHECKS
money
FUEL OIL
WASHERETTE

The above pictures illustrate the severity of the 1958-1959 Winter, and the many difficulties local transportation had to overcome. The Authority's snow cost for the season amounted to $1,371,864.

METROPOLITAN
CTA
TRANSIT